City of Euless

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2023

201 N. Ector Drive, Euless, TX 76039 www.eulesstx.gov

THE CITY OF
EULESS

City of Euless, Texas

Annual Comprehensive Financial Report
Fiscal Year Ended
September 30, 2023

Prepared by
City of Euless
Finance Department

201 North Ector Drive
Euless, TX 76039

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

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CITY OF EULESS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

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INTRODUCTORY SECTION

THE CITY OF
EULESS

THE CITY OF
EULESS

February 27, 2024

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Euless, Texas

The Finance Department and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report for the City of Euless, Texas ("City") for the fiscal year ended September 30, 2023. This report complies with State law which requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report is published to provide the City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City. The report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy, completeness, and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits derived from them, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Weaver, L.L.P., a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a listing of City Officials, and an organizational chart of the City. The Financial Section includes the Independent Auditor's Report on the basic financial statements, Management's Discussion and Analysis ("MD&A"), Basic Financial Statements, the Notes to the Basic Financial Statements, and Combining and Individual Fund Statements and Schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The City of Euless' MD&A can be found immediately following the independent auditor's report. The Statistical Section includes financial and demographic information relevant to readers of the City's financial statements. The statistical data is generally presented on a multi-year basis.

Profile of the City of Euless, Texas

The City of Euless is located in North Central Texas in Northeast Tarrant County approximately 16 miles west of Dallas and 16 miles east of Fort Worth. Euless is readily accessible by State Highway 183 which is a multi-lane expressway linking Dallas to Fort Worth. Other major highways through the City include State Highway 121, State Highway 360, State Highway 10 and Farm-to-Market Road 157. Euless' centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is adjacent to Dallas-Fort Worth International Airport ("DFW Airport"), one of the world's busiest airports. The City encompasses approximately 16.2 square miles and serves a population of approximately 61,544.

The City of Euless was incorporated February 24, 1953 and is a home rule city operating under a Council/Manager form of government. The City Council is comprised of the mayor and six council members who are elected at large. The Council has the authority to enact local legislation, levy taxes, adopt budgets, determine policies, incur debt, and appoint the City Secretary, City Attorney, Municipal Court Judge, and the City Manager. The City Manager reports directly to the City Council, and is responsible for the daily management of the various City departments. Council members serve three-year staggered terms, with two council members elected each year. The Mayor is elected to serve a three-year term. In addition, several boards and commissions were created to assist the City Council in deciding matters of policy and procedure and meet on various issues throughout the year.

The City of Euless provides a full range of services to its citizens including: police and fire protection; emergency ambulance services; municipal court operations; development and code services; construction and maintenance of streets and highways, parks, and recreational facilities; water service and wastewater collection and treatment; and library operations. The City also operates a top-ranked, 18-hole golf course and conference center, youth athletic complex, and an aquatics center. Internal services of the City account for risk management, equipment replacement, and employee insurance coverage activities on a cost reimbursement basis. Private contractors, through franchise agreements, provide solid waste and recycling collections and disposal services for the City.

Four component units of the City, the Euless Development Corporation, the Euless Crime Control and Prevention District, Tax Increment Reinvestment Zone ("TIRZ") #3 – Glade Parks, and Tax Increment Reinvestment Zone ("TIRZ") #4 – Midtown, are presented in the financial statements of the City as blended component units. Data for these component units is recorded in and presented as special revenue funds in the City's financial statements. Additional information on these component units can also be found in Note 1 in the Notes to the Basic Financial Statements.

The annual budget serves as the foundation for the City of Euless' financial planning and control. Per the City Charter, the City Manager provides to the City Council the proposed budget by August 1st each year. The budget is filed with the City Secretary and is open for public inspection. Upon receipt of the budget, the City Council sets a date for a public hearing at which time interested citizens may express their opinions regarding the proposed budget. The Charter requires the Council to adopt the budget by a favorable majority vote at least ten days prior to the beginning of the next fiscal year.

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the individual fund level. Financial reports are produced showing budget to actual expenditures by line item and are distributed monthly to City departments for review.

Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Euless operates.

The City of Euless is located in Tarrant County in the heart of the Dallas/Fort Worth ("DFW") Metroplex and adjacent to the DFW Airport. Thus, the economic vitality of the region significantly impacts the economic health of Euless.

DFW Airport reports itself as the third largest airport in terms of operations and second largest in terms of passengers in the world, handling 73 million passengers annually.

According to the North Texas Commission, DFW is the 4th largest region in the U.S. and has experienced tremendous growth during the past decade. With its highly-diversified economy, DFW has a population of over 7.7 million, a Gross Domestic Product of $534.8 billion, a labor force of over 4 million with the fourth largest labor force of U.S. metropolitan areas, an 8.1% job growth rate, is home to 23 Fortune 500 Firms, and boasts enrollment of over 472,600 individuals in colleges and universities making their home in the region. Such an economic environment has helped the region weather economic downturns in key sectors better than many other regions in the nation.

The AllianceTexas development in North Fort Worth is a 27,000-acre development that has generated an estimated $111 billion in economic impact with over 560 companies, generating 66,000 direct jobs. It is anchored by the inland port known as the Alliance Global Logistics Hub. This area offers a variety of commercial real estate options,

industrial space, office space, and retail facilities. Perot Field Fort Worth Alliance Airport was also named a Top 20 U.S. Cargo Airport by the Federal Aviation Administration (www.alliancetexas.com).

Assessed value for all residential and commercial property in the City of Euless is estimated at approximately $6.8 billion for tax year 2023, which is a 14% increase from the prior year, due to increases in both residential and commercial real estate property values and to new growth. Sales tax collections increased almost 3.8% from FY2021-22 to FY2022-23. Euless continues to look for additional revenue opportunities in order to minimize the tax burden to citizens and strives to cut costs without impacting service.

The City receives a significant amount of revenue from a consolidated rental car facility located at DFW Airport. The City Council has chosen to continue to use this funding source to support general government operations and to cash flow capital projects in lieu of debt issuance when possible. The City has been very cautious to not become overly dependent on this volatile resource while providing for needed improvements for citizens.

The Dallas Cowboys AT&T Stadium, 2023 World Champion Texas Rangers Globe Life Park and Choctaw Stadium in Arlington are located within minutes of Euless and, continue to attract additional tourism to the City by hosting concerts and sporting events.

Euless population has increased from 53,780 to 61,544 in ten years (North Central Texas Council of Governments). The City's median household income is $77,403, which compares favorably to $72,284 for Texas and $74,755 for the United States (U.S. Census Bureau). The City's educational level is 93.7% high school graduate or higher, which again is favorable to 86.1% for Texas and 89.6% for the United States (U.S. Census Bureau).

The City of Euless has approximately 358.54 acres of undeveloped land.

Long-Term Financial Planning

The City of Euless has developed a comprehensive capital improvements document. Such strategic planning has allowed the City Council to fund several major infrastructure upgrades, park enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax requirements. Many of these projects have been completed on a pay-as-you-go basis by utilizing operating revenues, excess reserves, and rental car taxes.

The City Council and citizens of Euless have determined that debt issuance is a viable method of financing major capital projects and equipment purchases. Analysis of potential debt issuance includes the operating impact the repayment thereof will have on citizens, property tax rates, and enterprise fund service fee revenues. Per the City's fiscal policies, long-term debt will not be used for operating purposes and the life of the debt instruments will not exceed the useful life of the projects or equipment financed. Policy also specifies that debt with an average life of 20 years or less will be issued to reduce net interest cost and maintain future flexibility by paying off debt earlier. The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional

government facilities such as fire and police stations, streets, utility infrastructure, and development of parks and open spaces.

The City's fiscal policies state current expenditures will be paid with current revenues. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used for emergencies or nonrecurring expenditures, except when balances can be reduced because levels exceed guidelines or legally-required minimums.

Fiscal policies provide for a General Fund reserve equal to between 30 and 60 days of working capital. At no time shall the reserve fall below 8.3% of the General Fund expenditure budget (i.e. 30-day level). The current operating reserve is at 157 days of operations. At the end of the current year, the City was in compliance with this fiscal policy reserve level.

The City's fiscal policies for the Water and Wastewater Fund require the maintenance of a minimum reserve of 45 to 75 days of working capital. The City currently maintains a 121-day reserve. Water and Wastewater revenue bond covenants require the City to maintain reserve amounts sufficient to cover the average annual debt service requirements. This revenue bond reserve is in addition to the working capital required by the City's fiscal policies and is maintained in a separate fund on the general ledger. As of September 30, 2023, the revenue bond reserve totaled $733,593 which meets the required average annual debt service per bond covenants.

Standard & Poor's Ratings Services, a subsidiary of the McGraw-Hill Companies, Inc. increased the City's general obligation debt rating to AA+ in 2023 and has sales tax revenue debt at AA and the water and wastewater revenue debt at AA+. Moody's Investor Service, Inc. rates the general obligation debt and water and wastewater revenue debt at Aa2. Additional information about the rating agencies or the significance of the ratings provided may be obtained from each agency's web site.

Major Initiatives

The City has partnered with Tarrant County, surrounding cities, local churches, and businesses to renovate qualifying homes in the community through the Tarrant County Home Program and the Community Powered Revitalization Program ("CPR"). Through these partnerships, the cities of Hurst, Euless, and Bedford have joined forces to assist qualifying residents in all three communities.

The City participates in tax abatement programs as addressed in the Notes to Basic Financial Statements Note 1. Currently, there are no active property tax abatement agreements. Requests are considered on a case by case basis for economic development, redevelopment, stimulus, or retention. The City has various General Economic Development Agreements via Texas Local Government Code Chapter 380. These agreements are to stimulate economic development in the City, are authorized by City Council, are considered on a case by case basis, and are reflected in the budget and financial statements of the General Fund Non-Departmental Division and the Euless Development Corporation Fund.

The City's Capital Improvements Program and Americans With Disability Act ("ADA") Transition Plan address facility needs of the City. The Parks Master Plan, which is currently being updated, focuses on improving the quality of life for the community, includes additional hike/bike trails, park amenities and upgrades. The City has completed several projects in the past year and has many others underway that were included in these plans. The City believes it is critical that the street, water, wastewater, and drainage systems are properly maintained and systematically upgraded. While these are not glamorous, these represent the most basic governmental functions. Deferral of these projects creates a financial burden for future generations.

Phase I of the FY2019 Street Reconstruction Project has been completed and Phase II, which consists of the reconstruction of W. Pipeline from Raider Drive, to the western city limits, is scheduled for bid in 2024. During last year, several water and wastewater line replacement projects and the well replacement projects were completed. The FY2023 Water Line Replacement Project has begun and the FY2023 Sewer Line Replacement Project will go out for bid in 2024. Additional Parking was added at the Parks at Texas Star North and new park lighting was installed from Heritage Avenue to Bob Eden Park. Construction of the new Fire Station #1 was completed, construction for Fire Station #2 is underway, and the architectural and engineering design phase of the Police / Court Facility Renovation is complete. The project is scheduled for bid in the spring of 2024.

Over the last several years, the City has worked with developers on some major, mixed-use centers. Glade Parks, located along the southwest corner of Glade Road and Highway 121, provides approximately 1.2 million square feet of retail/office space and includes a unique residential component. In an effort to promote development in this area, the City created a TIRZ for the Glade Parks development and approved the related project and financing plan. This plan authorized the City to undertake certain public improvements associated with the Glade Parks development. Additionally, the City created the Glade Parks Public Improvement District ("PID") which is funded from assessments within the district. Over the last several fiscal years, numerous businesses opened in this development creating increased property values and retail sales. The single-family residential component continues to add value to the property tax base as well.

The RiverWalk! development, includes approximately 200 acres located at the northwest corner of Airport Freeway and State Highway 360 extending north to Harwood Road. Lennar Homes has developed five (5) subdivisions within this mixed-use project. Recently, the remaining approximately 63 acres was sold and is being developed as a separate master planned development, known as Watercolor. This development will include single family residential including villas, townhomes and rowhomes, urban lofts, and retail/commercial centered around a water feature.

In 2015, the City approved a 56-acre mixed-use development called Founders Parc, previously known as Midtown, located on the south side of State Highway 183, east of Farm-to-Market Road 157 and north of State Highway 10. Building is continuing on this development of 259 new single-family homes, 285 urban lofts, and over 57,000 square feet of retail and commercial space. Both a TIRZ and a PID have been created by the City to support debt for public improvements needed for the area including roadways,

water distribution system, sanitary sewer and storm sewer collections systems, hardscaping, and amenities.

There are currently two active residential subdivisions in the City.

Awards and Acknowledgements

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Euless for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The City has been awarded a Certificate of Achievement for the last 36 consecutive years. We believe that the current Annual Comprehensive Financial Report meets the Certificate of Achievement program requirements and are submitting it to GFOA for review.

In addition, the City of Euless received the GFOA's Distinguished Budget Presentation Award for its annual budget document. The City of Euless has received the Distinguished Budget Award for the last 32 years. In order to qualify for the award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, professional, and progressive manner. As always, the City of Euless staff welcomes and appreciates your comments.

Respectfully Submitted,

Loretta Getchell
City Manager

Janina Jewell
Director of Finance

City of Euless

FISCAL YEAR 2022-2023

Council Members

LINDA MARTIN, MAYOR
Tim Stinneford, Place One
Jeremy Tompkins, Place Two
Eddie Price, Mayor Pro Tem, Place Three
Perry Bynum, Place Four
Harry Zimmer, Place Five
Tika Paudel, Place Six

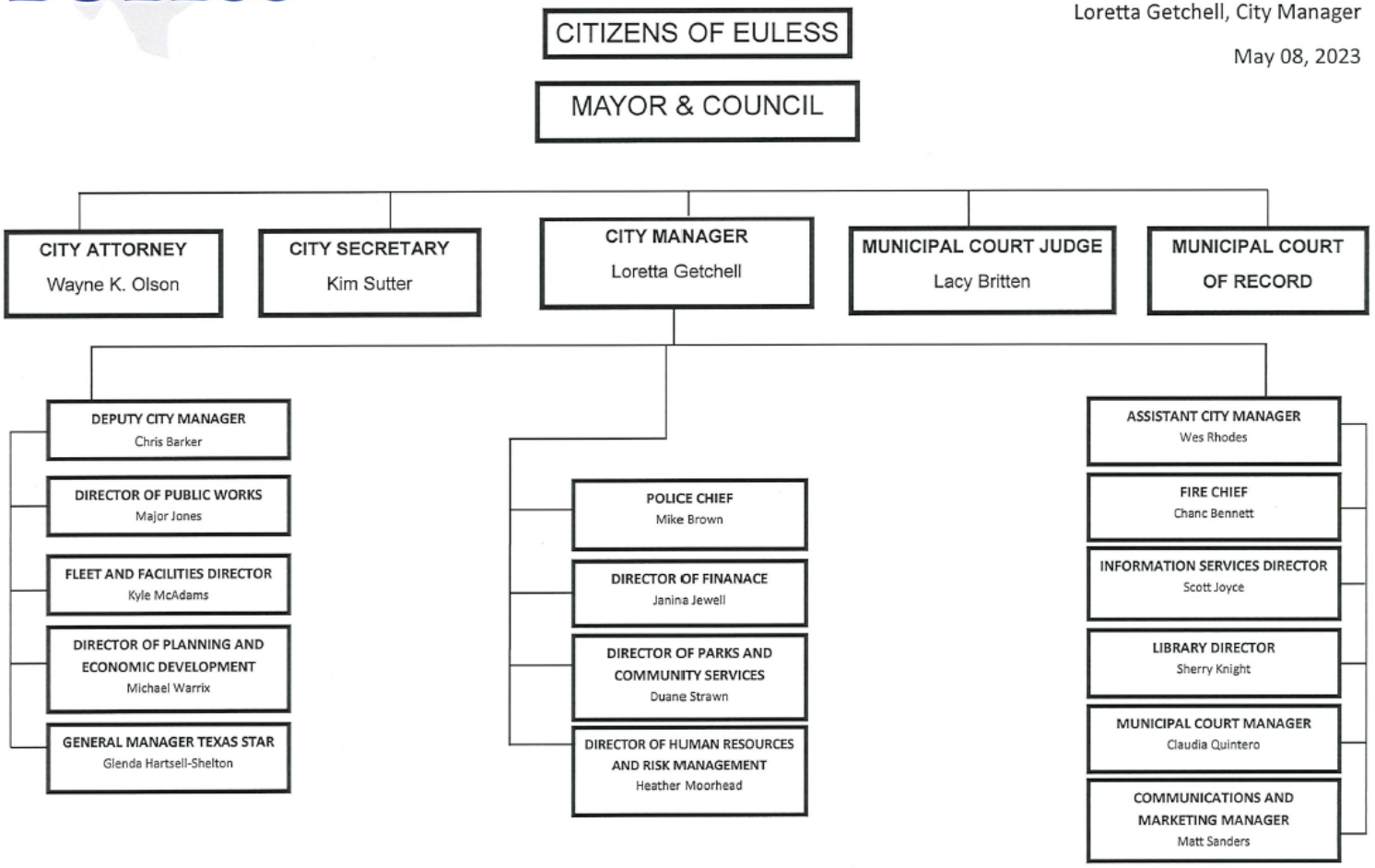
Loretta Getchell, City Manager
Chris Barker, Deputy City Manager
Wes Rhodes, Assistant City Manager

THE CITY OF EULESS

ORGANIZATIONAL CHART

Loretta Getchell, City Manager

May 08, 2023



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Euless
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

THE CITY OF
EULESS

weaver
Assurance • Tax • Advisory

Independent Auditor's Report

To the Honorable Mayor,
City Council and City Manager
City of Euless, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Euless, Texas (City) as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

The Honorable Mayor,
City Council and City Manager

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor,
City Council and City Manager

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 23, 2024

THE CITY OF
EULESS

Management's Discussion and Analysis
For the Year Ended September 30, 2023
(Unaudited)

Management of the City of Euless offers the readers of the City's financial statements this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2023. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has net position (containing both short-term and long-term assets and liabilities) or fund balance (the current "spendable" assets less current liabilities) of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal (pages i-vii of this report) and the statistical section (pages 125-142 of this report) as well as information in the annual budget and the capital improvement plan along with other community information found on the City's website at www.eulesstx.gov. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited.

Financial Highlights

- The assets and deferred outflows of resources of the City of Euless exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $316,419,884 (net position). This number must be viewed in the context that the vast majority of the City's net position of $203,492,391 (64%) is net investment in capital assets and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled $12,844,640 (4%). The remaining $100,082,853 (32%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- Governmental activities realized an increase in total net position of $18,009,498 and business-type activities realized an increase in total net position of $2,147,780 bringing the total increase in net position for the City to $20,157,278.
- At the close of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of $109,950,038 which represents an increase of $29,083,594. Within this total, $4,884,252 is restricted for debt service; $36,154,995 is restricted by bond covenants for capital projects; $82,803 and $219,420 are restricted for court technology and juvenile case management, respectively; and another $2,306,211 is restricted for capital projects by developer agreements. Amounts restricted for cable PEG fees and historical preservation total $599,369 and $843, respectively. Another $29,139 is restricted for opioid remediation. Nonspendable fund balance of $269,413 represents fund balance amounts for inventories and prepaid items.

Fund balances of $41,600,323 represent assigned fund balance in the general, special revenue, and capital projects funds. The unassigned fund balance in the General Fund of $23,803,270 can be used for any lawful purpose. The General Fund unassigned balance represents 46% of fiscal year 2023 total fund expenditures.

- The City's total capital and intangible assets (net of accumulated depreciation and amortization) increased by $305,078 which is attributed to completion of capital improvement projects and other asset additions including construction in progress exceeding current year depreciation expense and asset retirements.
- The City's debt payable increased by $14.8 million or 16% due primarily to the issuance of certificates of obligation and software subscription debt less scheduled principal payments and annual amortization of premiums and discounts on debt issuances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Euless' basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Euless' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Euless' assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Euless is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash receipts and cash outlays in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities functions of the City include general and administrative, public safety, highways and streets, development services, and culture and recreation. The business-type activities of the City include water and wastewater system, drainage system, golf course, and other recreational enterprises.

The government-wide financial statements include not only the City of Euless (the primary government), but also the Euless Development Corporation, the Crime Control and Prevention District, the Tax Increment Reinvestment Zone #3 – Glade Parks, and Tax Increment Reinvestment Zone #4 – Midtown which are legally separate entities that are financially accountable to the City. A blended presentation has been used to report the financial information of these component units.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements. A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Euless, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with the exclusion of internal service fund activity. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Car Rental Tax, and Police CIP funds, all of which are considered to be major funds. Data from the other twenty governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General and Car Rental Tax major governmental funds. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with the adopted budgets.

The basic governmental fund financial statements can be found on pages 22-29 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater, drainage utility, golf operations, and other recreation enterprises. Internal service funds are an accounting device used to accumulate resources and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment replacement, risk management, and health insurance services. Because these services predominately benefit governmental rather than business-type functions, a portion of the activities in these funds is included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Wastewater, Drainage Utility, Golf, and Other Recreation enterprises all of which are considered to be major funds of the City. The internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30-35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 36 and 37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-86 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension and post-employment healthcare benefits to its employees. Additionally, schedules comparing budgetary figures and actual results of the General and Car Rental Tax funds are also located in this section of the report. Required supplementary information can be found on pages 89-96 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions, OPEB, and budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 98-122 of this report.

Government-Wide Financial Statement Analysis

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. In the case of the City of Euless, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $316,419,884 as of September 30, 2023.

The largest portion of the City's net position (64%) reflects its investment in capital assets (i.e., land, buildings, equipment, improvements, construction in progress, and infrastructure) net of accumulated depreciation, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and with the exception of business-type assets, do not generate direct revenue for the City. They do, however, represent an obligation on the part of the City to maintain these assets into the future.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $100,082,853 (32%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

Net Position

Amounts shown in 000's	Governmental activities		Business-type activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 158,965	$ 128,480	$ 50,979	$ 47,793	$ 209,944	$ 176,273
Capital assets	182,695	180,481	90,901	92,810	273,596	273,291
Total assets	341,660	308,961	141,880	140,603	483,540	449,564
Deferred outflows	19,438	5,613	3,948	1,343	23,386	6,956
Long-term liabilities	128,149	83,580	25,776	22,002	153,925	105,582
Other liabilities	18,058	20,804	12,637	12,129	30,695	32,933
Total liabilities	146,207	104,384	38,413	34,131	184,620	138,515
Deferred inflows	5,405	18,714	481	3,029	5,886	21,743
Net position:						
Net investment in capital assets	130,728	123,862	72,764	73,307	203,492	197,169
Restricted	8,186	7,579	4,659	4,583	12,845	12,162
Unrestricted	70,572	60,035	29,511	26,896	100,083	86,931
Total net position	$ 209,486	$ 191,476	$ 106,934	$ 104,786	$ 316,420	$ 296,262

As of September 30, 2023, the City reports positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities. The same was true for the prior year.

The City's unrestricted net position increased by $13,152,220 in fiscal year 2023 as compared to the unrestricted net position for the prior year. Restricted net position realized an increase of $681,707 and the amount invested in capital assets, net of related debt increased by $6,323,351. The increase in total net position of more than $20 million results primarily from current year operating results flowing to the net investment in capital assets and unrestricted categories of net position. The details of the results of current year operations are found in the table shown on the following page.

Changes in Net Position

Amounts shown in 000's	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	$ 6,804	$ 6,174	$ 38,973	$ 37,643	$ 45,777	$ 43,817
Operating grants and contributions	1,163	1,055	-	-	1,163	1,055
Capital grants and contributions	530	551	1,019	1,255	1,549	1,806
General revenues:						
Property taxes	27,569	24,974	-	-	27,569	24,974
Sales taxes	29,779	28,693	-	-	29,779	28,693
Car rental taxes	18,710	18,373	-	-	18,710	18,373
Mixed beverage taxes	215	201	-	-	215	201
Occupancy taxes	1,830	1,736	-	-	1,830	1,736
Gross receipts taxes	4,634	4,478	-	-	4,634	4,478
Investment income	5,180	804	1,097	174	6,277	978
Rents and royalties	1,346	1,567	-	-	1,346	1,567
Miscellaneous	1,355	1,305	-	949	1,355	2,254
Total revenues	99,115	89,911	41,089	40,021	140,204	129,932
EXPENSES						
Culture and recreation	8,017	7,714	-	-	8,017	7,714
Development services	1,304	934	-	-	1,304	934
General government	31,849	24,294	-	-	31,849	24,294
Highways and streets	4,591	4,016	-	-	4,591	4,016
Public safety	33,625	27,380	-	-	33,625	27,380
Interest and fiscal charges	2,414	2,417	-	-	2,414	2,417
Water and wastewater	-	-	29,143	26,754	29,143	26,754
Drainage utility	-	-	1,747	1,517	1,747	1,517
Golf course	-	-	5,330	4,704	5,330	4,704
Recreation enterprises	-	-	2,026	2,024	2,026	2,024
Total expenses	81,800	66,755	38,246	34,999	120,046	101,754
Increase (decrease) in net position before transfers	17,315	23,156	2,843	5,022	20,158	28,178
Transfers	695	(6,698)	(695)	6,698	-	-
Increase (decrease) in net position	18,010	16,458	2,148	11,720	20,158	28,178
Net position, beginning	191,476	175,018	104,786	93,066	296,262	268,084
Net position ending	$ 209,486	$ 191,476	$ 106,934	$ 104,786	$ 316,420	$ 296,262

- **Governmental activities.** Governmental activities increased the City's net position by $18,009,498 thereby accounting for most of the growth (89%) in total net position. With the exception of rents and royalties, all revenue categories exceeded those of the prior fiscal year. At fiscal year-end, a majority of the American Rescue Plan Act (ARPA) funding remained unspent resulting in unearned revenue per reporting requirements. Sound fiscal management and close monitoring of revenues and expenses allowed the City to realize an increase in governmental activities net position before transfers of $17,314,247.

Total revenue for the governmental activities (excluding transfers) increased from the previous year by $9.2 million mainly due to a net increase in general revenues of $8.5 million combined with increased program revenues of approximately $718,000. General revenues are primarily comprised of property taxes, sales taxes, and car rental taxes. Property tax revenue increased due to an overall increase in taxable values of 11.9% over the prior year values (See Statistical Table 5). Sales taxes increased by nearly $1.1 million as a result of continued local economic recovery, new business openings, and the resurgence in the travel industry. Most businesses located in the Euless portion of the airport realized sales tax growth during the fiscal year. The travel resurgence also resulted in increased car rental taxes which reached an all-time high of $18.7 million by the end of the fiscal year. Total governmental program revenues consist of charges for services, grants, and contributions which realized an increase of nearly $718,000 overall. Culture and recreation revenues fell by more than $26,000 due to a dip in swimming pool fees. Development services revenues were nearly spot on with the prior year collections (declining less than $5,000). Public safety charges for services increased by $1.8 million for the year due predominantly to funding a portion of patrol salaries with ARPA funds. Conversely, operating contributions declined by $86,000 due to reduced emergency management reimbursements that were partially offset by grants for bullet resistant shields and selective traffic enforcement programs. Streets and highways realized a decrease of $429,000 in charges for services resulting from a reduction in the Midtown PID assessment. Additional tax increment property tax collections account for the decrease in the amount needed from the PID assessment to cover debt service payments. The operating contribution for streets and highways results from a collaborative project with the City of Bedford for intersection improvements to Cheek-Sparger Road at State Highway 121.

- Total expenses of governmental activities increased by $15 million from FY2022 to FY2023. The FY2023 Operating Budget included a 7% raise package plus merit increases averaging 3% for employees across all funds. These raise packages increased governmental salary expenses by about $1.9 million across all governmental functions. Benefits based upon salaries also increased accordingly. The last position cut during the pandemic was restored to Finance during the year. Three field technicians and the upgrade of a part-time position to full-time also added to salary and benefit expenses in FY2023. Pension-related entries decreased salary-related expenses in the prior year, but increased governmental expenses by approximately by $2.5 million in FY2023. The overall difference between the two years' expenses totals more than $7.5 million mostly due to the recording of changes in and amortization of deferred outflows and deferred inflows ($32.5 million decrease) combined with an increase of almost $40 million in the net pension liability. OPEB-related expenses which includes the change in the net OPEB liability, related deferred inflows and deferred outflows, as well as the amortization of the deferrals decreased salary-related expenses by approximately $553,000 compared to a decrease in expenses of $179,000 in the prior year. Rebates increased by $521,000 as a result of increased sales, occupancy, and car rental taxes. Maintenance services decreased by more than $2.1 million due to the allocation of internal service fund activity. Professional services increased by $95,000 due to consulting services and commercial plan review resulting from staffing shortages. Insurance and prescription claims increased by $1.2 million predominantly due to a number of high claimants. While stop loss coverage reimbursed a large portion of the claims, the City incurred a deductible of $125,000 per claimant. Supplies expense rose by $206,000 due to higher costs in athletic field supplies, bunker gear, and electric service costs. Interest increased by $233,000 because of higher scheduled payments and bond issuance costs. The net position of general governmental operations accounts for 66% of total net position.

- **Business-type activities.** Business-type activities increased the City's net position by $2,147,780. The change in net position before transfers is $2,843,031. Charges for services program revenues for the business-type activities increased from the previous year by $1.3 million due primarily to increased Water and Wastewater ("W&WW") revenues and recreation revenues of $1.4 million and $96,000, respectively. Water rates increased $1 on the monthly residential base rate to cover the City's operational cost increases. Volumetric rates for water increased 56¢ per thousand gallons to cover the pass-through increase from Trinity River Authority ("TRA") for water purchases. Wastewater base rates increased by $1 per month to cover the City's operational cost increases. The volumetric rate increased by 19¢ per thousand gallons to cover the pass-through increase from TRA for treatment costs. Rather than receiving a refund for wastewater, the annual true-up of costs with TRA subjected the City to additional costs of $151,000. On the other hand, the City received almost $766,000 from TRA for the annual water cost true-up. In the current year, golf course rounds were slightly above those of the prior year and green fees increased by $30,000. Capital grants and contributions decreased by close to $236,000 due largely to a decline in developer contributions of W&WW infrastructure combined with a small increase in developer contributions of drainage assets. Investment revenues increased by $923,000 due to much-improved market rates as well as the availability of additional funds to invest.

- Overall, total business-type expenses realized a net increase for the year of $3.25 million combined. Net pension, net OPEB, and related deferral entries increased expenses by more than $300,000 in the business-type activities this year compared to a decline of approximately $1 million in the prior year. Water purchases and wastewater treatment costs climbed from the prior year as a result of increased TRA rates. Increased costs of $627,000 at the golf course resulted mostly from higher costs for salaries, benefits, and supplies. Drainage utility realized an expense increase of almost $229,000, while other recreation enterprises expenses were nearly flat with the prior year. Net position for business-type activities represents 34% of total net position.

Financial Analysis of the City's Funds.

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of $109,950,038, which represents an increase of $29,083,594 in comparison with prior year. Approximately 22% or $23.8 million constitutes unassigned fund balance in the general fund that is available for spending at the City's discretion. Another $269,413 in non-spendable fund balance represents amounts invested in inventories and prepayments. Another portion is restricted to indicate that it is not available for new spending because it has already been committed 1) to pay debt service ($4,884,252); 2) to pay for specific capital improvements per developer agreements ($2,306,211); 3) restricted by bond covenants for specific capital projects ($36,154,995); and 4) for a variety of other restricted purposes ($931,574). Assigned fund balance includes funds that management intends to use for a specific purpose as well as any residual balances of governmental funds other than the general fund. Assigned fund balance totals $41,600,323 and includes assigned fund balance in the general fund of $203,295 and $41,397,028 represents residual balances in other governmental funds. See discussion under Fund Balance Classifications in Note 1 of the Notes to Basic Financial Statements for additional details.

General fund budgetary analysis. In the General Fund, the City budgeted for a decrease in fund balance (i.e. a planned reduction) of $8,820,400 (revised). Due to a positive budget variance in overall revenues and expenditures, the General Fund ended the year with a decrease in fund balance of only $930,204. This figure represents a positive budget variance of $7,890,196 resulting primarily from sales tax collections, natural gas franchise fees, rental income, building permit revenue, investment income, and intergovernmental revenue realizing significant increases over expectations. The improvement in sales tax collections results from new business openings and continued improvement in the local economy. Natural gas franchise fees rose due to increased billings and collections by the provider. Rental income exceeded budget expectations because the income from one building is contingent upon the amount of sales tax collected by the occupant. Due to the volatile nature of the contingency, nothing is included in the budget for this building rental. For several years, building permit revenue has exceeded projected levels. Management intentionally decided to conservatively budget this revenue stream so that the City does not become overly dependent upon a finite revenue source. As the City nears build-out, building permit collections will decline until reaching a point more aligned with reconstruction and renovation levels. Permits for new construction will decline drastically over time. Investment income results from much-improved market rates and additional funds available for investment. The allocation of ARPA funding to cover a portion of patrol salaries throughout the year results in increased intergovernmental revenue. This funding was originally budgeted as a transfer but was actually recorded as intergovernmental revenue pursuant to ARPA requirements.

General fund budgetary expenditure savings total $3.6 million before transfers. General and administrative ("G&A") expenditures account for approximately $2.2 million of the savings. The finance department, which is included in G&A, had two open positions for several months of the fiscal year with savings of about $115,000. Information services accounts for $130,000 in savings from subscription arrangements and machinery and equipment. Human resources budgetary savings were realized in tuition reimbursement and training and testing. The overall largest G&A savings were recorded in non-departmental. Retiree adjustments ($50K savings) provided funding for final expenditures for current year retirees. Departmental budgets were sufficient to cover these costs so the non-departmental funds were not needed. Salary adjustments realized savings of $240,000. These funds provided monies for out-of-cycle pay raises for positions realizing significant turnover or the potential thereof. Recruiting and retaining quality, knowledgeable employees is a high priority for the City. The contingencies budget was increased by $150,000 due to recessionary and inflationary concerns. Only about 30% of the budget was used from this account. The TRE transit system is performing analysis on the best method of charging surrounding cities for services provided. As such, no payment was due for FY2023, thereby saving the City $120,000. The budget for electric service grew due to an anticipated rate increase, however, the rate was less than projected. Approximately $314,000 in savings was realized in computer equipment most of which was due to the on-going fiber optic project. Almost $210,000 was rolled to FY2024 for the completion of this project. Capital purchases realized budgetary savings of almost $919,000; $705,000 of which was rolled to FY2024 for continuing projects at fiscal year-end. Public safety expenditures came in $908,000 underbudget due primarily to open positions throughout the fiscal year. Most public safety salary and related benefit accounts were underbudget at fiscal year-end. However, overtime costs increased due to staffing levels and minimum requirements. Most of the savings in highways and streets ($278K) results from salary and benefit savings, with the exception of stand-by pay and overtime expenditures. Culture and recreation realized budgetary savings in salary and related benefits, mowing and tree trimming costs, and land betterment. The personnel savings account for approximately 54% of the total culture and recreation expenditures. Again, this results mainly from open positions throughout the fiscal year.

General fund. Several general fund revenue categories realized increases over the prior year including property tax collections, general sales tax receipts, franchise fees, investment earnings, and intergovernmental revenue. General sales tax collections increased by almost $663,000 as result of continued recovery in the local economy, new business openings, and a resurgence in the travel industry. Taxable property values increased over the prior year values by 11.9%, while the tax rate dropped from 47.5¢ to 46¢ per $100 of taxable property valuation. The resulting increase in property tax collections of nearly $546,000 offset a reduction of $131,000 in fines and fees. Municipal court fines dropped by $150,000 from FY2022 to FY2023 due to a decline in case volume of over 17%. Gross receipts taxes (i.e. franchise fees) rose by $177,000 in total. Gas franchise fees grew due to an increase in billings and collections by the provider. Water and wastewater gross receipts taxes exceeded those of the prior year by $93,000 due to additional revenues generated from rate increases. Market rates as well as investment portfolio yields increased throughout the fiscal year. A resulting uptick in investment income of almost $603,000 was realized. As mentioned previously, ARPA funding accounts for the growth in intergovernmental revenues. Total revenues surpassed prior year levels by nearly $3.3 million.

Expenditures increased almost $7.9 million or 18% over the prior year. Most of the increase is realized in G&A and public safety expenditures. The employee raise packages previously mentioned combined with funding of a reinstated/new positions along with rising benefit costs increased total salary and benefit expenditures in the general fund approximately $2.3 million over the prior year. Many of the City's benefits are salary-based and increase automatically when any type of raise becomes effective. Non-departmental expenditures, which are classified in the G&A expenditure category, increased by $1.9 million. A portion of the increase is due to additional computer hardware expenditures of $561,000 in the fiber optic project. Software subscriptions account for a $657,000 cost increase in non-departmental. The replacement of aging software in planning and development and municipal court accounts for a large portion of this increase over prior year levels. One-time purchases increased by $561,000 due the cost and composition of the requests approved and is limited by the funding available for such projects. Rebates and incentives increased $287,000 over the prior year due to growth in sales tax receipts and property tax collections. Public safety expenditures increased over prior year levels by $2.1 million and is primarily attributable to salaries and benefits ($1.6 million) as previously described. Expenditures for supplies rose by $76,000 due in large part to the purchase of bunker gear. Transfers to the equipment replacement internal service fund increased close to $398,000 due to the equipment and vehicles purchased for additional staff approved in the prior year coupled with higher overall replacement costs. Continued supply chain issues and inflationary pressures resulted in higher than anticipated vehicle, machinery, and equipment replacement costs. Whenever feasible to do so, the City will extend the useful life of these assets to accumulate additional funding for replacement and/or to wait for easing of inflationary pressures currently being experienced. Culture and recreation realized an overall increase in expenditures due to higher costs for equipment replacement, professional services, and salaries and benefits. Due to staffing shortages throughout the year, planning and development incurred costs of about $95,000 for consulting services and commercial plan review. The remaining increase in this department is attributable to salaries and benefits. Debt service expenditures in the general fund result from principal and interest payments on leases and subscription-based information technology arrangements.

Debt service fund. The Debt Service fund balance increased $473,368 which is $572,664 better than the anticipated drawdown of $99,296. Compared to the prior year, revenues increased by $1.8 million. Property taxes increased by $1.4 million over the prior year due in large part to higher taxable values coupled with an increase in the amount of the tax rate allocated to the interest and sinking fund. Investment revenues exceeded prior year amounts by $181,000 due to favorable market conditions and the availability of additional cash. The premium on the issuance of debt increased by $250,000 over the last year. Expenditures rose by $1.4 million due to scheduled payments exceeding those of the prior fiscal year.

Car rental tax fund. The Car Rental Tax fund balance was originally anticipated to increase $1,590,336, but the revised budget showed a projected increase of $317,427. This fund ended the year with an increase of $4,644,453 resulting primarily from continued improvement in the travel industry. Car rental tax revenues, which are highly dependent upon the travel industry, exceeded those of the prior year by $337,000. Investment income was approximately $1 million more than prior year levels due to favorable market rates combined with an increase in investable balances in this fund. Per contractual agreement, the car rental revenues are shared with the cities of Dallas and Fort Worth. Increased collections lead to a $225,000 increase in expenditures, while capital outlay rose by $110,000. Transfers to other funds increased over the prior year by $199,000 due to a decline in the general fund transfer combined with increases in transfers for general CIP approved projects and for equipment replacement purchases.

Police CIP fund. For the police CIP fund, certificates of obligation were issued late in the fiscal year in the amount of $20.6 million for the police department/municipal court remodel project. A premium of $1.4 million was recognized on the debt issuance. $960,000 was transferred from the crime control and prevention district ("CCPD") to cover preliminary design services costs. This fund realized an increase in fund balance of $22.4 million.

Non-major governmental funds. The non-major governmental funds realized a combined increase in fund balance of $2,451,389; special revenue funds realized a drawdown of $604,152, while the capital projects funds contributed $3,055,541 to the balance. The car rental and street CIP funds realized fund balance decreases as expenditures ramped up on projects funded (at least partially) in the prior fiscal year. Current year project funding for all CIP funds from transfers totaled $8.4 million while project expenditures totaled $6.2 million. The redevelopment, half-penny sales tax, general, and developers' contribution CIP funds all added to the combined CIP fund balance. Hotel/motel collections exceeded expectations and prior year collections by $318,000 and $94,000, respectively. Hotel/motel fund expenditures and transfers out were both more than those of the prior year. This fund added $202,000 to fund balance for the year. The Half-Penny Sales Tax (EDC) fund reduced fund balance by $1.9 million largely due to increased revenues of $356,000, combined with increased expenditures of $827,000 and increased transfers to CIP ($3.1 million) for approved capital projects. The CCPD fund drew down fund balance by $197,000 in the current year as a result of increased revenues ($194,000) coupled with a transfer out to police CIP of $960,000 for the police department/municipal court remodel project. The TIRZ #3 Glade Parks and the TIRZ #4 Midtown funds increased fund balance mainly due to property tax collections and sales taxes receipts from participating entities outpacing debt service expenditures.

Enterprise funds. The City's enterprise fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Most of the City's enterprise funds are heavily dependent upon local weather conditions. During the year, rainfall fell short of that of a "normal" year by more than eight inches and was also short of prior year levels just over one inch.

The W&WW fund realized a decline in operating income of $344,000 resulting principally from increased operating revenues combined with an increase in expenses of $2.2 million. The W&WW fund revenues increased $1.86 million largely as a result of volumetric rate increases in water consumption and wastewater treatment passed through from TRA. Residential base rates also increased $1 per month for both water and wastewater to cover the City's increased operating costs. Water purchases and wastewater treatment costs rose by just over $1 million combined. Salary and benefit expenses (excluding non-departmental) increased by more than $356,000 due to the raises previously mentioned. Non-departmental expenses increased by $760,000 overall. Salary and benefit expenses in this department grew by more than $1 million primarily due to changes in the net pension liability (asset in the prior year) and the net OPEB liability, related current year deferred inflows and outflows, as well as the amortization of the deferrals. These entries account for about 75% of the growth; while the remaining 25% is due to the raise packages and benefit increases mentioned elsewhere in this report. Franchise and administrative fees increased by $93,000 each from the prior year; electric service rose by $59,000; and software subscriptions increased by $46,000. Including nonoperating and other revenues and expenses, an increase of more than $1.2 million was realized in the W&WW fund for FY2023.

The golf course realized revenues of $5.2 million and expenses of $5.5 million leading to an operating loss of $377,000. Last year, operating income was $395,000 which equates to a difference of $772,000. Paid golf rounds were slightly higher than those of the prior year. Entries relating to net pension and net OPEB liabilities and related deferrals increased salary expenses by almost $52,000 as compared to last year's decrease of $144,000. Other salary and related benefits increased due to employee raises which added $417,000 to operating costs. Increases in user fee transfers to equipment replacement totaled $28,000; while cost of goods sold increased by $66,000 for food, beverage, and alcohol sales due to higher sales volumes and inflation. The golf course added $479,000 to net assets for FY2023.

The decrease in net position of the drainage utility fund results largely from the reduction in revenues from Grapevine/Colleyville ISD's participation in the Bear Creek Elementary drainage improvement project. In the prior year, collections totaled $271,000 while the current year amount was only $29 (i.e. the project was substantially complete in FY2022). Operating costs increased by $211,000. The drainage utility fund recorded a loss of net assets in the amount of $649,000. Other recreation enterprises operating revenues increased by $95,000, while operating expenses increased $54,000. Costs increases include instructor fees, umpire fees, supplies, and cost of goods sold. User fees paid to the equipment replacement fund declined. Arbor Daze contractual services costs realized an increase of $50,000. The net result of the other recreational activity was a loss of $84,000.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, totaled $273,596,125 (net of accumulated depreciation and amortization). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangible assets, and construction in progress. The net increase in the City's investment in capital assets for the current fiscal year was $305,078 or about .1%. Major capital asset activity that occurred during the current fiscal year included the following:

- Capital asset contributions were comprised of $921,000 in developer dedications of streets, water and wastewater infrastructure, drainage structures and land. Community Development Block Grant ("CDBG") funding of wastewater lines totaled just over $442,000.

- Capital asset additions for governmental activities include, but are not limited to, a dome shelter for the street department, an access control system for fire station #1, and appliances for fire station #1. Completed projects for the year include fire station #1, FY2022 and FY2023 street improvement projects, PATS North parking lot, aquatic park upgrades, Midway pickleball court, and trail lighting.

- Construction-in-progress related to general government activity of $16,128,702 chiefly consists of the following projects: fire station #2 ($1.1M), FY2019 street reconstruction ($12M), city-wide fiber optic project ($596K), police and courts remodel design ($594K), and PATS North remodel ($239K). Blessing Branch and Wilshire park improvements are also currently underway and have incurred expenditures of $959,000.

- The Westpark Way valve replacement project was completed at a cost of $180,000. Wastewater lines in the Midway Park 3rd addition were also finished this fiscal year. The Far North and Fuller well replacement project, including a pump station and SCADA system at each location, was finalized by fiscal year-end.

- Construction-in-progress related to business-type operations of $1,387,836 principally consists of water line replacements along Huntington Drive and along South Main street, at Midway Park 1st addition, and at Oakwood Terrace. Wastewater line replacements in progress at the end of the year include Cedar Hill Estates, Euless Square and Aransas (CDBG), and Trailwood addition.

Capital Assets (Net of Accumulated Depreciation)

Amounts shown in 000's	Governmental activities		Business-type activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	$ 43,526	$ 42,947	$ 5,719	$ 5,719	$ 49,245	$ 48,666
Buildings	40,258	36,358	4,283	1,179	44,541	37,537
Other improvements	15,654	15,750	7,649	8,189	23,303	23,939
M&E	13,634	11,835	1,020	1,185	14,654	13,020
Infrastructure	53,134	53,459	70,685	65,630	123,819	119,089
Right-to-use equipment	136	198	148	203	284	401
Right-to-use software	224	-	9	-	233	-
Construction in Progress	16,129	19,934	1,388	10,705	17,517	30,639
Totals	$ 182,695	$ 180,481	$ 90,901	$ 92,810	$ 273,596	$ 273,291

Additional information on the City's capital assets can be found in Note 3 on pages 60-61 of this report.

Long-term debt. At fiscal year-end, the City's outstanding debt totaled $102,892,424 net of unamortized losses on prior refundings. Of this amount, $82,235,981 comprises debt backed by the full faith and credit of the government, where $3,375,304 is the amount of self-supported debt for Texas Star Golf Course and Stars Center. The remainder of the City's debt, $20,656,443, represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

Outstanding Debt

Amounts shown in 000's	Governmental activities		Business-Type activities		Totals	
	2023	2022	2023	2022	2023	2022
GO bonds	$ 1,870	$ 3,010	$ 2,245	$ 2,775	$ 4,115	$ 5,785
COs	70,675	52,560	-	-	70,675	52,560
GO/CO deferred loss	(51)	(92)	(185)	(232)	(236)	(324)
Tax notes	7,165	9,155	-	-	7,165	9,155
Leases	136	198	149	203	285	401
Subscriptions	224	-	9	-	233	-
Revenue bonds	4,800	5,025	15,875	16,835	20,675	21,860
Revenue deferred loss	-	-	(19)	(37)	(19)	(37)
Totals	$ 84,819	$ 69,856	$ 18,074	$ 19,544	$ 102,893	$ 89,400

In fiscal year 2023, the City issued $20,620,000 in new certificates of obligation and $352,027 in subscription liabilities. No new bonded debt was issued for the City's enterprise operations during the year. The City's total debt increased $13,492,130 (exclusive of deferred losses) or 15.1% during fiscal year 2023 and is attributed to the addition of the new debt less scheduled annual principal payments and annual amortization of losses on refundings, premiums and discounts on debt issues.

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. increased the City's rating on general obligation debt from AA to AA+. The rating for the water and wastewater revenue debt remains at AA+. Moody's Investor Service, Inc. rates the general obligation debt, the water and wastewater revenue debt, and sales tax revenue debt at Aa2. Additional information on the City's long-term debt can be found in Note 4 on pages 62-69.

Economic Factors and Next Year's Budgets and Rates

In the FY2023-24 budget, general fund revenues and transfers in are budgeted to increase by 7% from the FY2022-23 original budget. Property taxes account for 41% of budgeted revenues and sales taxes comprise approximately 33% of budgeted revenues. Certified assessed taxable valuations as of July 25, 2023 increased 14% from the preceding year. The property tax rate decreased from 46¢ per $100 of taxable assessed valuation to 45.75¢ per $100 of taxable assessed valuation for FY2023-24.

In the FY2023-24 budget, total sales tax receipts are projected to increase approximately $775,000 over the FY2022-23 original projections. The car rental tax receipts are budgeted below prior year actual collections due mainly to the timing of budget preparation. By the end of FY2022-23, monthly car rental tax receipts were exceeding pre-pandemic levels and this trend is anticipated to continue into future. However, the budget preparation work was completed prior to receipt of final collection results for FY2022-23.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 7% from the FY2022-23 original budget excluding capital programs. The proposed employee pay plan includes a baseline salary increase of 3.5% for public safety personnel and funding for merit-based increases for non-public safety employees. The anticipated average increase for the merit raises is 3.5%. The City elected to use excess reserves to fund capital needs.

For the Water and Wastewater Fund, the FY2023-24 budget includes the continuation of the tiered rate structure for residential and irrigation water volume billing. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Residential volume rates range from $5.35 to $7.98 per thousand gallons. A wastewater volume charge of $4.99 per thousand gallons applies to all customer classes. Residential wastewater volume charges are capped at a maximum of 12,000 gallons per month. Residential base rates on water and wastewater service both increased $1 per month. The City maintained annual funding of for pay-as-you-go capital expenses of $1,100,000. Additionally, funding from the American Rescue Plan Act of 2021 will allow the City to expand the number of projects under construction in the upcoming fiscal year. Planned projects primarily include infrastructure improvements such as wastewater lines in Cedar Hill Estates South Phases I and II and Trailwood Addition as well as water line replacements in Midway Park 1st Addition, Oakwood Terrace, and along South Main Street.

The Texas Star Golf Course and Conference Centre is a vibrant part of the Euless community. This secluded facility, located in the midst of the Dallas/Fort Worth Metroplex, is well-known for world class golf and a challenging course that has been recognized as a premier municipal facility by leading golf publications, including Golf Digest and Golfweek. Additionally, Raven's Grille and the Conference Centre continue to receive rave reviews. The Conference Centre has 7,000 square feet of divisible space and hosts business conferences, weddings, concerts, and other events. Proposed revenues of $5,663,037 and proposed operating expenses of $5,654,171 were approved for FY2023-24.

Request for Information

The financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Janina Jewell, Director of Finance, at 201 North Ector Drive, Euless, Texas 76039, call (817) 685-1626, or e-mail jjewell@eulesstx.gov.

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Deposits and investments	$108,954,622	$ 26,929,874	$135,884,496
Receivables, net of allowances	13,111,513	5,401,606	18,513,119
Lease receivables	4,792,268	356,567	5,148,835
Internal balances	(6,196,439)	6,196,439	-
Inventories, at cost	8,553	278,559	287,112
Prepaid items	1,319,115	20,951	1,340,066
Restricted assets			
Deposits and investments	36,975,397	11,794,843	48,770,240
Capital assets			
Land and construction in progress	59,655,008	7,106,381	66,761,389
Other capital assets, net of accumulated depreciation	122,680,983	83,636,482	206,317,465
Intangible assets			
Right-to-use assets, net of accumulated amortization	359,274	157,997	517,271
Total assets	341,660,294	141,879,699	483,539,993
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	18,841,986	3,628,848	22,470,834
Deferred outflows related to OPEB	545,184	114,799	659,983
Deferred charges on refunding	50,763	204,085	254,848
Total deferred outflows of resources	19,437,933	3,947,732	23,385,665
LIABILITIES			
Accounts payable	14,822,541	2,692,241	17,514,782
Contracts payable	436,426	-	436,426
Accrued liabilities	2,129,395	272,800	2,402,195
Accrued interest payable	352,459	81,118	433,577
Unearned revenue	317,934	7,221,554	7,539,488
Money held in escrow	-	2,369,365	2,369,365
Noncurrent liabilities			
Due within one year	6,903,322	1,625,581	8,528,903
Due in more than one year	121,245,400	24,150,569	145,395,969
Total liabilities	146,207,477	38,413,228	184,620,705
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	612,318	123,916	736,234
Deferred inflows related to leases	4,792,268	356,567	5,148,835
Total deferred inflows of resources	5,404,586	480,483	5,885,069
NET POSITION			
Net investment in capital assets	130,728,192	72,764,199	203,492,391
Restricted for			
Debt service	4,884,252	1,348,271	6,232,523
Impact fees	-	3,310,647	3,310,647
Developer agreements	2,306,211	-	2,306,211
Court technology	82,803	-	82,803
Juvenile cases	219,420	-	219,420
Cable PEG fees	599,369	-	599,369
Historical preservation	843	-	843
Opioid remediation	92,824	-	92,824
Unrestricted	70,572,250	29,510,603	100,082,853
Total net position	$209,486,164	$106,933,720	$316,419,884

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government							
Governmental activities							
Culture and recreation	$ 8,016,590	$ 293,667	$ -	$ -	$ (7,722,923)	$ -	$ (7,722,923)
Development services	1,304,416	1,144,743	-	-	(159,673)	-	(159,673)
General and administrative	31,849,368	62,769	17,938	-	(31,768,661)	-	(31,768,661)
Highways and streets	4,591,037	287,767	195,450	530,101	(3,577,719)	-	(3,577,719)
Public safety	33,625,098	5,015,159	949,956	-	(27,659,983)	-	(27,659,983)
Interest	2,414,153	-	-	-	(2,414,153)	-	(2,414,153)
Total governmental activities	81,800,662	6,804,105	1,163,344	530,101	(73,303,112)	-	(73,303,112)
Business-type activities							
Water and wastewater	29,142,646	30,852,319	-	930,269	-	2,639,942	2,639,942
Drainage utility	1,746,667	958,637	-	88,446	-	(699,584)	(699,584)
Golf course	5,330,321	5,159,600	-	-	-	(170,721)	(170,721)
Other recreation enterprises	2,025,933	2,001,970	-	-	-	(23,963)	(23,963)
Total business-type activities	38,245,567	38,972,526	-	1,018,715	-	1,745,674	1,745,674
Total primary government	$ 120,046,229	$ 45,776,631	$ 1,163,344	$ 1,548,816	(73,303,112)	1,745,674	(71,557,438)
General Revenues							
Taxes							
Property taxes, levied for general purposes					27,569,306	-	27,569,306
Sales taxes					29,778,805	-	29,778,805
Car rental taxes					18,709,978	-	18,709,978
Mixed beverage taxes					215,340	-	215,340
Hotel/motel occupancy taxes					1,829,672	-	1,829,672
Gross receipts taxes					4,633,488	-	4,633,488
Investment income					5,180,191	1,097,357	6,277,548
Rents and royalties					1,345,885	-	1,345,885
Miscellaneous					1,354,694	-	1,354,694
Transfers					695,251	(695,251)	-
Total general revenues and transfers					91,312,610	402,106	91,714,716
Change in net position					18,009,498	2,147,780	20,157,278
NET POSITION, beginning of year					191,476,666	104,785,940	296,262,606
NET POSITION, end of year					$ 209,486,164	$ 106,933,720	$ 316,419,884

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Car Rental Tax Fund
ASSETS			
Deposits and investments	$ 23,163,715	$ 2,722,639	$ 21,260,637
Receivables			
Property taxes	315,908	84,751	-
Accounts receivable	632,493	8,635	-
Accrued interest receivable	159,576	-	128,476
Due from other governments	3,551,844	-	3,204,919
Lease receivable	1,045,900	2,061,603	-
Prepaids and deposits	248,641	-	-
Inventories, at cost	8,553	-	-
Restricted deposits and investments	-	-	-
Total assets	$ 29,126,630	$ 4,877,628	$ 24,594,032
LIABILITIES			
Accounts payable	$ 2,002,292	$ 18,065	$ 11,251,328
Contracts payable	-	-	-
Accrued liabilities	993,769	-	-
Unearned revenue	-	-	-
Total liabilities	2,996,061	18,065	11,251,328
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	315,908	81,777	-
Unavailable revenue - other	393,060	-	-
Deferred inflow related to leases	1,045,900	2,061,603	-
Total deferred inflows of resources	1,754,868	2,143,380	-
FUND BALANCES			
Nonspendable			
Prepaids, deposits, and inventories	257,194	-	-
Restricted for			
Debt service	-	2,716,183	-
Capital projects	-	-	-
Developer agreements	-	-	-
Court technology	82,803	-	-
Juvenile case management	-	-	-
Cable PEG fees	-	-	-
Historical preservation	-	-	-
Opioid remediation	29,139	-	-
Assigned	203,295	-	13,342,704
Unassigned	23,803,270	-	-
Total fund balances	24,375,701	2,716,183	13,342,704
Total liabilities, deferred inflows of resources, and fund balances	$ 29,126,630	$ 4,877,628	$ 24,594,032

The Notes to the Basic Financial Statements are an integral part of these statements.

Police CIP Fund	Non-major Governmental Funds	Total Governmental Funds
$ -	$ 31,907,480	$ 79,054,471
-	192,733	593,392
-	735,018	1,376,146
-	75,278	363,330
-	2,107,253	8,864,016
-	1,684,765	4,792,268
-	12,219	260,860
-	-	8,553
22,517,428	14,146,833	36,664,261
$ 22,517,428	$ 50,861,579	$ 131,977,297
$ 72,840	$ 1,136,546	$ 14,481,071
-	436,426	436,426
-	140,823	1,134,592
-	352,934	352,934
72,840	2,066,729	16,405,023
-	-	397,685
-	39,223	432,283
-	1,684,765	4,792,268
-	1,723,988	5,622,236
-	12,219	269,413
-	2,168,069	4,884,252
22,444,588	13,710,407	36,154,995
-	2,306,211	2,306,211
-	-	82,803
-	219,420	219,420
-	599,369	599,369
-	843	843
-	-	29,139
-	28,054,324	41,600,323
-	-	23,803,270
22,444,588	47,070,862	109,950,038
$ 22,517,428	$ 50,861,579	$ 131,977,297

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total fund balances - governmental funds	$ 109,950,038
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of governmental funds are not current financial resources and therefore are not reported in the governmental funds balance sheet.	175,678,796
Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(352,459)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are net of the amount allocated to business-type activities.	32,664,258
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	864,968
Funds comprising the net OPEB liability ($8,259,771), deferred inflows ($612,318) and deferred outflows $545,184 of resources related to the OPEB are not current financial resources and therefore are not reported in the governmental funds balance sheet.	(8,326,905)
Funds comprising the net pension liability ($29,036,476) and deferred outflows $18,841,986 of resources related to the pension are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	(10,194,490)
Long-term liabilities, including bonds payable, deferred charges on refundings, and compensated absences (excluding those of internal service funds) are not due and payable in the current period and therefore, are not reported in the fund financial statements.	(90,798,042)
Net position of governmental activities	$ 209,486,164

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Car Rental Tax Fund
Revenues			
General property tax	$ 19,924,167	$ 5,128,282	$ -
Gross receipts tax	4,561,441	-	-
Mixed beverage tax	215,340	-	-
General sales tax	18,160,781	-	-
Car rental tax	-	-	18,709,978
Fines and fees	3,521,246	-	-
Licenses and permits	1,117,424	-	-
Investment income	776,630	322,569	1,168,749
DEA revenues	-	-	-
Intergovernmental	2,576,230	-	-
Rents and royalties	-	446,794	-
Other revenues	1,245,291	-	-
Total revenues	52,098,550	5,897,645	19,878,727
Expenditures			
Current			
Culture and recreation	3,745,509	-	-
Development services	961,916	-	-
General and administrative	13,726,515	-	12,583,319
Highways and streets	1,556,124	-	-
Public safety	29,612,570	-	-
Debt service			
Principal	171,466	5,635,000	-
Interest and fiscal charges	1,301	2,389,945	-
Capital outlay	2,081,522	-	-
Total expenditures	51,856,923	8,024,945	12,583,319
Excess (deficiency) of revenues over (under) expenditures	241,627	(2,127,300)	7,295,408
Other financing sources (uses)			
Issuance of subscription debt	323,561	-	-
Issuance of debt	-	-	-
Premiums on issuance of debt	-	250,433	-
Proceeds from sale of assets	2,618	-	-
Transfers in	1,627,682	2,350,235	-
Transfers out	(3,125,692)	-	(2,650,955)
Total other financing sources (uses), net	(1,171,831)	2,600,668	(2,650,955)
Net change in fund balances	(930,204)	473,368	4,644,453
Fund balances, beginning of year	25,305,905	2,242,815	8,698,251
Fund balances, end of year	$ 24,375,701	$ 2,716,183	$ 13,342,704

The Notes to the Basic Financial Statements are an integral part of these statements.

Police CIP Fund	Non-major Governmental Funds	Total Governmental Funds
$ -	$ 2,541,752	$ 27,594,201
-	1,901,719	6,463,160
-	-	215,340
-	11,618,024	29,778,805
-	-	18,709,978
-	-	3,521,246
-	-	1,117,424
78,668	1,827,701	4,174,317
-	35,377	35,377
-	531,033	3,107,263
-	131,096	577,890
-	343,847	1,589,138
78,668	18,930,549	96,884,139
-	3,495,757	7,241,266
-	225,461	1,187,377
-	2,541,481	28,851,315
-	393,873	1,949,997
-	3,259,376	32,871,946
-	229,856	6,036,322
-	173,975	2,565,221
594,080	6,544,409	9,220,011
594,080	16,864,188	89,923,455
(515,412)	2,066,361	6,960,684
-	14,233	337,794
20,620,000	-	20,620,000
1,380,000	-	1,630,433
-	59,295	61,913
960,000	8,435,511	13,373,428
-	(8,124,011)	(13,900,658)
22,960,000	385,028	22,122,910
22,444,588	2,451,389	29,083,594
-	44,619,473	80,866,444
$ 22,444,588	$ 47,070,862	$ 109,950,038

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds	$ 29,083,594
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of capital expenditures recorded in the current period.	9,220,011
Governmental funds report cash proceeds from the disposal of capital assets as revenues, while only the net gain/loss on the transaction is reported in the statement of activities and capital contributions are not reported in governmental funds. This is the amount of capital contributions and disposals recorded in the current period.	(769,314)
Depreciation and amortization expense on capital and intangible assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expenses are not reported as expenditures in the governmental funds.	(7,148,868)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.	(20,957,794)
The repayment of the principal of long-term debt consumes current financial resources of governmental funds, but has no effect on net position.	6,036,321
Governmental funds report the effect of premiums, discounts, and deferred charges on refunding when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	(1,483,870)
Current year changes in the long-term liabilities for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	(76,643)
Current year changes in accrued interest payables do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	(86,581)
Changes in the net OPEB liability and related deferred inflows and outflows not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements.	552,792
Changes in the net pension liability (asset) and related deferred inflows and outflows not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements.	(2,159,070)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities net of the amount allocated to business-type activities.	6,353,199
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(554,279)
Change in net position of governmental activities	$ 18,009,498

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2023

ASSETS	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	
Current assets						
Deposits and investments	$ 20,594,233	$ 1,241,020	$ 3,409,215	$ 1,685,406	$ 26,929,874	$ 29,900,151
Accounts receivable and unbilled revenue less allowance for uncollectibles of $23,690 for water and wastewater and $580 for drainage utility	4,915,373	114,028	225,528	28,553	5,283,482	1,661,431
Accrued interest receivable	118,124	-	-	-	118,124	253,198
Lease receivable	-	-	-	5,827	5,827	-
Prepaids and deposits	13,995	-	6,956	-	20,951	1,058,255
Inventory	138,131	-	100,464	39,964	278,559	-
Total unrestricted current assets	25,779,856	1,355,048	3,742,163	1,759,750	32,636,817	32,873,035
Restricted deposits and investments						
W&WW impact fees	3,310,647	-	-	-	3,310,647	-
Capital projects	7,135,925	-	-	-	7,135,925	311,136
Revenue bond reserve for debt service	1,348,271	-	-	-	1,348,271	-
Total restricted assets	11,794,843	-	-	-	11,794,843	311,136
Total current assets	37,574,699	1,355,048	3,742,163	1,759,750	44,431,660	33,184,171
Non-current assets						
Lease receivable	-	-	-	350,740	350,740	-
Property, plant, and equipment in service, at cost						
Land	3,676,667	559,826	897,520	584,532	5,718,545	-
Building	3,324,896	-	3,621,666	488,275	7,434,837	-
Equipment	1,153,713	10,380	535,782	1,638,485	3,338,360	18,743,829
Improvements	1,097,774	1,245,584	8,963,462	9,989,968	21,296,788	-
Construction in progress	1,387,836	-	-	-	1,387,836	-
Utility system	109,873,225	31,545,451	-	-	141,418,676	-
Total property, plant, and equipment in service	120,514,111	33,361,241	14,018,430	12,701,260	180,595,042	18,743,829
Less accumulated depreciation	54,113,675	18,974,723	9,460,681	7,303,100	89,852,179	11,727,360
Net property, plant, and equipment in service	66,400,436	14,386,518	4,557,749	5,398,160	90,742,863	7,016,469
Intangible assets						
Right-to-use equipment	24,238	-	157,878	45,014	227,130	-
Right-to-use software	14,233	-	-	-	14,233	-
Total right-to-use assets	38,471	-	157,878	45,014	241,363	-
Less accumulated amortization	16,430	-	45,442	21,494	83,366	-
Net right-to-use assets	22,041	-	112,436	23,520	157,997	-
Total non-current assets	66,422,477	14,386,518	4,670,185	5,772,420	91,251,600	7,016,469
Total assets	103,997,176	15,741,566	8,412,348	7,532,170	135,683,260	40,200,640
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	2,746,458	319,224	473,289	89,877	3,628,848	-
Deferred outflows related to OPEB	84,480	11,420	16,259	2,640	114,799	-
Deferred charges on refunding	18,557	-	185,528	-	204,085	-
Total deferred outflows of resources	$ 2,849,495	$ 330,644	$ 675,076	$ 92,517	$ 3,947,732	$ -

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS – CONTINUED
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
LIABILITIES	**Water and Wastewater**	**Drainage Utility**	**Golf Course**	**Other Recreation Enterprises**	**Total Enterprise Funds**	
Current liabilities						
Payable from current assets						
Accounts payable	$ 2,512,494	$ 617	$ 130,467	$ 48,663	$ 2,692,241	$ 341,470
Accrued salaries and wages	156,101	18,839	84,648	13,212	272,800	8,803
Current portion of bonds payable	965,000	-	540,000	-	1,505,000	-
Current portion of compensated absences	30,770	2,597	7,054	1,301	41,722	367
Current portion of lease liability	5,827	-	39,960	10,822	56,609	-
Current portion of subscription liability	4,634	-	-	-	4,634	-
Accrued insurance claims	-	-	-	-	-	986,000
Unearned revenue	7,135,925	-	85,629	-	7,221,554	-
Accrued interest	74,266	-	6,852	-	81,118	-
Total current liabilities	10,885,017	22,053	894,610	73,998	11,875,678	1,336,640
Non-current liabilities						
Customer and escrow deposits	2,214,682	-	154,683	-	2,369,365	-
Net pension liability	4,185,129	443,293	721,196	132,742	5,482,360	-
Net OPEB liability	1,135,754	123,620	237,265	39,182	1,535,821	-
Bonds payable	14,897,139	-	1,780,610	-	16,677,749	-
Compensated absences	276,930	23,376	63,481	11,714	375,501	3,303
Lease liability	6,837	-	72,476	12,698	92,011	-
Subscription liability	4,743	-	-	-	4,743	-
Total non-current liabilities	22,721,214	590,289	3,029,711	196,336	26,537,550	3,303
Total liabilities	33,606,231	612,342	3,924,321	270,334	38,413,228	1,339,943
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to OPEB	90,954	12,347	17,670	2,945	123,916	-
Deferred inflows related to leases	-	-	-	356,567	356,567	-
Total deferred inflows of resources	90,954	12,347	17,670	359,512	480,483	-
NET POSITION						
Net investment in capital assets	50,556,854	14,386,518	2,422,667	5,398,160	72,764,199	7,016,469
Restricted for						
Impact fees	3,310,647	-	-	-	3,310,647	-
Debt service	1,348,271	-	-	-	1,348,271	-
Unrestricted	17,933,714	1,061,003	2,722,766	1,596,681	23,314,164	31,844,228
Total net position	$ 73,149,486	$ 15,447,521	$ 5,145,433	$ 6,994,841	100,737,281	$ 38,860,697
Reconciliation to government-wide statement of net position						
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds					6,196,439	
Net position of business-type activities					$ 106,933,720	

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	Internal Service Funds
Operating revenues						
Water service	$ 17,351,940	$ -	$ -	$ -	$ 17,351,940	$ -
Reclaimed water service	930,612	-	-	-	930,612	-
Wastewater service	10,891,089	-	-	-	10,891,089	-
Drainage fees	-	958,637	-	-	958,637	-
Recreation fees	-	-	-	666,502	666,502	-
Insurance premiums	-	-	-	-	-	7,329,018
Service fees and miscellaneous	2,096,460	-	5,159,600	1,335,969	8,592,029	9,605,763
Total operating revenues	31,270,101	958,637	5,159,600	2,002,471	39,390,809	16,934,781
Operating expenses						
General and administrative	549,932	-	-	-	549,932	2,668,197
Water production	10,444,973	-	-	-	10,444,973	-
Water distribution	1,826,162	-	-	-	1,826,162	-
Utility engineering	408,425	-	-	-	408,425	-
Wastewater collection and treatment	6,169,377	-	-	-	6,169,377	-
Nondepartmental	5,266,809	-	-	-	5,266,809	-
Geographic information systems	731,027	-	-	-	731,027	-
Service center	1,263,335	-	-	-	1,263,335	-
Drainage	-	853,049	-	-	853,049	-
Recreation classes	-	-	-	505,987	505,987	-
Golf course	-	-	1,939,649	-	1,939,649	-
Pro shop	-	-	483,321	-	483,321	-
Food and beverage	-	-	1,520,685	-	1,520,685	-
Conference center	-	-	807,452	-	807,452	-
Cart operations	-	-	316,983	-	316,983	-
Parks at Texas Star	-	-	-	1,187,134	1,187,134	-
Arbor Daze	-	-	-	116,716	116,716	-
Insurance costs	-	-	-	-	-	7,708,781
Depreciation	2,445,357	848,965	403,124	453,518	4,150,964	1,772,950
Amortization	30,496	-	65,755	10,765	107,016	-
Total operating expenses	29,135,893	1,702,014	5,536,969	2,274,120	38,648,996	12,149,928
Operating income (loss)	2,134,208	(743,377)	(377,369)	(271,649)	741,813	4,784,853

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	Internal Service Funds
Nonoperating revenues (expenses)						
Gain (loss) on sale of capital assets	$ (417,782)	$ -	$ -	$ (501)	$ (418,283)	$ 60,355
Investment income	869,785	54,042	100,592	72,938	1,097,357	1,005,875
Interest expense	(255,341)	-	(61,441)	(154)	(316,936)	-
Total nonoperating revenues, net	196,662	54,042	39,151	72,283	362,138	1,066,230
Income (loss) before contributions and transfers	2,330,870	(689,335)	(338,218)	(199,366)	1,103,951	5,851,083
Developer contributions	930,269	88,446	-	-	1,018,715	-
Transfers in	-	-	817,291	115,140	932,431	1,672,481
Transfers out	(2,029,218)	(48,464)	-	-	(2,077,682)	-
Net income (loss)	1,231,921	(649,353)	479,073	(84,226)	977,415	7,523,564
Net position, beginning	71,917,565	16,096,874	4,666,360	7,079,067		31,337,133
Net position, end of year	$ 73,149,486	$ 15,447,521	$ 5,145,433	$ 6,994,841		$ 38,860,697

Reconciliation to government-wide statement of net position	
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds	1,170,365
Change in net position of business-type activities	$ 2,147,780

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	
OPERATING ACTIVITIES						
Cash received from customers	$ 31,418,664	$ 1,107,854	$ 5,241,812	$ 2,000,176	$ 39,768,506	$ 15,736,183
Cash payments to suppliers for goods and services	(22,493,235)	(368,911)	(2,686,259)	(1,394,877)	(26,943,282)	(9,824,865)
Cash payments to employees for services	(4,091,382)	(504,515)	(2,267,127)	(435,045)	(7,298,069)	(163,341)
Net cash provided by operating activities	4,834,047	234,428	288,426	170,254	5,527,155	5,747,977
NONCAPITAL FINANCING ACTIVITIES						
Transfer in	-	-	817,291	115,140	932,431	1,672,481
Transfer out	(2,029,218)	(48,464)	-	-	(2,077,682)	-
Net cash provided by (used in) noncapital financing activities	(2,029,218)	(48,464)	817,291	115,140	(1,145,251)	1,672,481
CAPITAL AND RELATED FINANCING ACTIVITIES						
Impact fees	144,991	-	-	-	144,991	-
Acquisition/construction of capital/intangible assets	(1,691,209)	(73,589)	(20,251)	(46,483)	(1,831,532)	(2,725,194)
Interest paid on capital debt	(257,630)	-	(62,849)	(154)	(320,633)	-
Principal paid on capital debt	(960,000)	-	(530,000)	-	(1,490,000)	-
Principal paid on leases	(5,797)	-	(38,276)	(10,766)	(54,839)	-
Principal paid on subscriptions	(4,856)	-	-	-	(4,856)	-
Proceeds from sale of capital assets	-	-	-	-	-	99,904
Net cash used in capital and related financing activities	(2,774,501)	(73,589)	(651,376)	(57,403)	(3,556,869)	(2,625,290)
INVESTING ACTIVITIES						
Interest received on investments	780,786	54,042	100,592	72,938	1,008,358	803,765
Net cash provided by investing activities	780,786	54,042	100,592	72,938	1,008,358	803,765
Net change in cash and cash equivalents	811,114	166,417	554,933	300,929	1,833,393	5,598,933
Cash and cash equivalents, beginning of year	31,577,962	1,074,603	2,854,282	1,384,477	36,891,324	24,612,354
Cash and cash equivalents, end of year	$ 32,389,076	$ 1,241,020	$ 3,409,215	$ 1,685,406	$ 38,724,717	$ 30,211,287
Noncash Financing Activities						
Contribution of capital assets	$ 785,278	$ 88,446	$ -	$ -	$ 873,724	$ -
Right-to-use assets acquired with subscription financing	$ 14,233	$ -	$ -	$ -	$ 14,233	$ -

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	$ 2,134,208	$ (743,377)	$ (377,369)	$ (271,649)	$ 741,813	$ 4,784,853
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	2,475,853	848,965	468,879	464,283	4,257,980	1,772,950
Changes in assets and liabilities:						
Accounts receivable and unbilled revenue	(533,172)	149,217	76,082	34,562	(273,311)	(1,198,598)
Prepaids and deposits	4,233	-	2,590	-	6,823	(99,511)
Inventory	(2,318)	-	242	(2,806)	(4,882)	-
Net pension asset	51,182	77,565	42,729	6,153	177,629	
Net OPEB liability	(132,424)	(16,282)	(23,880)	(4,342)	(176,928)	-
Net pension liability	4,185,129	443,293	721,196	132,742	5,482,360	-
Deferred outflows	(2,027,078)	(238,578)	(337,780)	(66,143)	(2,669,579)	-
Deferred inflows	(1,842,774)	(243,250)	(364,666)	(97,635)	(2,548,325)	-
Accounts payable	(196,479)	(36,485)	56,942	(25,787)	(201,809)	(78,150)
Accrued salaries and wages	11,675	(1,518)	15,668	42	25,867	384
Accrued insurance claims	-	-	-	-	-	566,049
Compensated absences	24,277	(5,122)	1,663	834	21,652	-
Customer and escrow deposits	45,810	-	9,320	-	55,130	-
Unearned revenue	635,925	-	(3,190)	-	632,735	-
Net cash provided by operating activities	$ 4,834,047	$ 234,428	$ 288,426	$ 170,254	$ 5,527,155	$ 5,747,977
Reconciliation of cash to balance sheet:						
Cash - current	$ 20,594,233	$ 1,241,020	$ 3,409,215	$ 1,685,406	$ 26,929,874	$ 29,900,151
Cash - restricted	11,794,843	-	-	-	11,794,843	311,136
Cash and cash equivalents	$ 32,389,076	$ 1,241,020	$ 3,409,215	$ 1,685,406	$ 38,724,717	$ 30,211,287

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Stars Center Escrow Custodial Fund	OPEB Trust Fund
ASSETS		
Investments at fair value		
Investment pool	$ 1,439,448	$ -
Money market account	-	4,027,423
Fixed income funds	-	2,993,058
Equity funds	-	4,562,560
Total assets	$ 1,439,448	$ 11,583,041
LIABILITIES		
Refunds payable	$ 18,901	$ -
Total liabilities	18,901	-
NET POSITION		
Restricted for		
Debt service	1,420,547	-
Other post-employment benefits	-	11,583,041
Total net position	$ 1,420,547	$ 11,583,041

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2023

	Stars Center Escrow Custodial Fund	OPEB Trust Fund
ADDITIONS		
Employer contributions	$ -	$ 1,906,655
Other contributions	-	252,575
Investment income		
Investment income	64,789	1,084,079
Less: investment expense	-	(67,468)
Net investment income	64,789	1,016,611
Total additions	64,789	3,175,841
DEDUCTIONS		
Payments to beneficiaries	64,789	-
Insurance claims	-	1,226,752
Administrative expenses	-	171,897
Total deductions	64,789	1,398,649
Change in net position	-	1,777,192
Net position - beginning of year	1,420,547	9,805,849
Net position - ending	$ 1,420,547	$ 11,583,041

The Notes to the Basic Financial Statements are an integral part of these statements.

THE CITY OF
EULESS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Euless (the City) was incorporated on February 24, 1953. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, police and fire protection, emergency ambulance service, road and traffic signal maintenance, water and wastewater operations, drainage system, parks and recreational facilities, courts, library services, planning land use, building inspection, and traffic control.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

The more significant accounting policies of the City are described as follows:

Financial Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government.

Blended Component Units

The City includes four component units in the financial statements. The Euless Development Corporation (Corporation) is used to account for the accumulation of half-cent sales tax proceeds dedicated to building and improving City parks and facilities, enhancing library services, and stimulating economic development activities within the City. The Euless Crime Control and Prevention District (District) is used to account for the accumulation and use of quarter-cent sales tax proceeds dedicated for crime reduction programs. The Corporation and the District are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantively the same as the City Council. There are seven directors on each board, four of whom are council members which constitutes a voting majority of the City Council. The remaining three board members are residents of the City.

Upon dissolution of the Corporation or the District, the entity's assets will be distributed to the City. Each component unit provides all of its services to the City. The financial statements for the units were obtained from the respective Boards of Directors. Financial information for both entities may be obtained from the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

Blended Component Units – Continued

The Tax Increment Reinvestment Zone #3 – Glade Parks (TIRZ #3) is also a blended component unit of the City and is reflected in the financial statements as a special revenue fund. TIRZ #3 was created to stimulate development and enhance the value of taxable real property within the boundaries of the zone. Tarrant County and Tarrant County College District are taxing entities participating in TIRZ #3. The Board of Directors of TIRZ #3 is substantially the same as the City Council and management of the City has operational responsibility for TIRZ #3. The Board is comprised of seven directors, four of whom are council members which constitutes a voting majority of the Board. The remaining three board members are representatives selected by the other participating taxing entities and the Tarrant County Hospital District. Financial information for TIRZ #3 may be obtained from the City.

The Tax Increment Reinvestment Zone #4 – Midtown (TIRZ #4) is also a blended component unit of the City and is reflected in the financial statements as a special revenue fund. The Midtown CIP Fund is also part of TIRZ#4. TIRZ #4 was created to stimulate development and enhance the value of taxable real property within the boundaries of the zone. Tarrant County, Tarrant County Hospital District, and Tarrant County College District are taxing entities participating in TIRZ #4. The Board of Directors of TIRZ #4 is substantially the same as the City Council and management of the City has operational responsibility for TIRZ #4. The Board is comprised of seven directors, four of whom are council members which constitutes a voting majority of the Board. The remaining three board members are representatives selected by the other participating taxing entities. Financial information for TIRZ #4 may be obtained from the City.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except fiduciary funds. The effect of interfund activity, with the exception of interfund services provided or used, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate compliance with various legal provisions. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from property taxes levied by the City. The fund balance of the Debt Service Fund is restricted for debt service expenditures.

Car Rental Tax Fund

The Car Rental Tax Fund is used to account for revenues received from the collection of short-term motor vehicle rental taxes and the expenditures thereof. Per contractual agreement, revenues are shared with the cities of Dallas and Fort Worth. The City's portion of the revenue is used primarily for debt reduction, one-time capital projects, and to maintain the property tax rate.

Police CIP Fund

The Police CIP Fund is used to account for various construction projects related to the City Police and Courts building renovation primarily funded with Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2023 issuance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the statement of net position. The City has presented the following major proprietary funds:

Water and Wastewater Fund

Water and Wastewater Fund is used to account for the acquisition, operation and maintenance of a municipal water and wastewater utility, supported primarily by user charges.

Drainage Utility Fund

Drainage Utility Fund is used to account for the acquisition, operation, and maintenance of a municipal drainage utility, supported primarily by user charges.

Golf Course Fund

Golf Course Fund is used to account for operation and maintenance of the City's golf course, supported primarily by user charges.

Other Recreation Enterprises Fund

Other Recreation Enterprises Fund is used to account for operations and maintenance of recreation programming, Arbor Daze, and the Parks at Texas Star, supported primarily by user charges.

Additionally, the City reports the Internal Service Funds which are used to account for equipment replacement, risk management, and self-funded health insurance coverage and disability insurance provided to employees of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

The City also reports two fiduciary funds in the financial statements. The Stars Center Escrow Custodial Fund is a custodial fund that accounts for investments that will be held on behalf of the Dallas Stars until the debt issued for the specific purpose of purchasing the Stars Center is fully repaid. Custodial funds account for resources held for others in a custodial capacity. This fund type is used to account for assets held by the City as an agent. The OPEB Trust Fund accounts for the accumulation and use of resources for benefit payments related to post-employment health care.

The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Reporting is oriented toward providing accountability for the sources, uses, and balances of resources held for others; therefore, the additions and deductions in fiduciary balances are reported. With this measurement focus, assets and liabilities which are due and payable associated with the operation of these funds are included on the funds' statements of net position. The funds' equity is segregated into restricted net position and unrestricted net position, if applicable.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide, proprietary fund and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred inflows/outflows of resources, and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases and decreases in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water, wastewater, and drainage services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and other revenues as available if they are collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and other long-term liabilities are recorded only when payment is due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

The significant revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes and short-term motor vehicle rental taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. All other governmental fund revenues are recognized when received.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Deposits and Investments

Substantially all operating cash, deposits, and short-term investments are maintained in consolidated cash accounts or individual fund investment accounts. Related interest income is allocated to the various funds based primarily on ownership by each fund of specific investments. Cash equivalents consist of highly-liquid investments with original maturities of three months or less.

For purposes of the statement of cash flows, the City considers all highly liquid investments to be cash equivalents.

Investments in U.S. Treasury and agency obligations with maturities of one year or less when purchased are reported at amortized cost. All other investments are reported at fair value.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds, and certificates of deposits within established criterion.

Property Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred inflows of resources. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to $2.50 per $100 of assessed valuation. The City's current tax rate is $0.4600 per $100 of assessed valuation ($0.4750 per $100 last year) and assessed valuation is approximately 100% of estimated value.

Inventories

Inventories, which are recognized as expenditures/expenses as consumed, are stated at cost (first-in, first-out method) for the General Fund, Enterprise Funds and Internal Service funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories – Continued

Inventories consist primarily of expendable supplies for the General Fund and Internal Service funds and merchandise for resale for the Enterprise Funds.

Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and are recognized as expenditures utilizing the consumption method.

Transactions Between Funds

Interfund services provided and used are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the fund reimbursed. All other interfund transactions are recorded as transfers.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Capitalized assets have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	33 1/3 years
Water and wastewater system	33 1/3 years
Storm drainage system	33 1/3 years
Infrastructure	7 - 40 years
Machinery and equipment	5 - 15 years
Improvements	25 years
Right-to-use assets	5 - 15 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases - Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported within long-term debt, and right-to-use lease asset (lease asset), reported with other capital assets in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest charged by the lessor as the discount rate. When no interest rate is provided by the lessor, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right-to-use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of $25,000 or more.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subscription-Based Information Technology Arrangements (SBITAs) - Continued

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The City uses the interest rate charged by the SBITA vendor as the discount rate. When no interest rate is provided by the vendor, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Compensated Absences

Employees may accumulate a maximum of two times their annual vacation accrual. The City's policy is to pay the employee accumulated vacation upon termination. The City does not pay employees for accumulated sick leave upon termination. The short-term portion of vacation pay accrued in the proprietary fund financial statements is reported as short-term compensated absences (a current liability). The long-term component is reflected in non-current liabilities as compensated absences. Compensated absences are recorded in governmental funds as they mature (i.e., as taken). The liability for governmental fund compensated absences is typically liquidated in the general fund, the juvenile case fund, the half-penny sales tax fund, and the crime control and prevention district fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications

Fund balances are classified as follows on the governmental fund financial statements:

	Reported in					
	General Fund	Debt Service Fund	Car Rental Tax Fund	Police CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 257,194	$ -	$ -	$ -	$ 12,219	$ 269,413
Restricted for						
Debt service	-	2,716,183	-	-	2,168,069	4,884,252
Capital projects	-	-	-	22,444,588	13,710,407	36,154,995
Developer agreements	-	-	-	-	2,306,211	2,306,211
Court technology	82,803	-	-	-	-	82,803
Juvenile case management	-	-	-	-	219,420	219,420
Cable PEG fees	-	-	-	-	599,369	599,369
Historical preservation	-	-	-	-	843	843
Opioid remediation	29,139	-	-	-	-	29,139
Assigned						
Capital projects	-	-	-	-	11,624,942	11,624,942
Betterments	105,326	-	-	-	-	105,326
Emergency/radio systems	47,230	-	-	-	-	47,230
Tourism and conference facilities	-	-	-	-	2,357,187	2,357,187
Parks, library, and economic development	-	-	-	-	5,440,464	5,440,464
Police department	-	-	-	-	3,060,577	3,060,577
Grants	-	-	-	-	-	-
Other	50,739	-	13,342,704	-	5,571,154	18,964,597
Unassigned	23,803,270	-	-		-	23,803,270
Total	$ 24,375,701	$ 2,716,183	$ 13,342,704	$ 22,444,588	$ 47,070,862	$ 109,950,038

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items and inventory as being nonspendable.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The City has recorded the following restrictions at year-end:

a. Restricted for debt service represents that portion of fund equity legally restricted for retirement of bond principal and payment of interest and related charges.
b. Restricted for capital projects represents that portion of fund equity legally restricted by debt covenant for capital projects and capital equipment purchases.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

c. Restricted for developer agreements represents the portion of fund equity that must be used for future improvements to various development areas within the City.
d. Restricted for court technology represents funds collected from a court technology fee that must be used to upgrade court systems.
e. Restricted for juvenile case processing represents funds collected from a fee on municipal court citations that must be used to support the expenditures associated with juvenile case processing.
f. Restricted for cable PEG fees represents the portion of fund equity that must be used for the expansion of the City's public, educational, and government access channel.
g. Restricted for historical preservation represents donations that must be used toward the preservation of the City's historical sites.
h. Restricted for opioid remediation represents the portion of fund equity that must be used for opioid remediation activities.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has no committed fund balance at year-end.

Assigned: This classification includes amounts that are constrained by the City's intended use for a specific purpose but are neither restricted nor committed. The City Council delegates the authority for determining this intent to the City Manager. Assignments are made at the City Manager's discretion, but generally represent items for which specific funds have been informally dedicated internally. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has recorded the following assignments at year-end:

a. Assigned for capital projects represents revenue sources that are to be used for capital projects for the City.
b. Assigned for betterment represents funds donated by citizens that are to be used for the betterment of the community.
c. Assigned for emergency/radio systems represents funding that is to be used to upgrade emergency and radio systems.
d. Assigned for tourism and conference facilities represents funds to promote the City through tourism, conference booking, and historical preservation.
e. Assigned for parks, libraries, and economic development represents funds from sales taxes that are to be used for park improvements, library activities, and economic development throughout the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

f. Assigned for the police department are funds from the Crime Control and Prevention District and police drug arrests and asset seizures to be used for police department expenditures.
g. Assigned for grants are funds from specific revenues that are to be spent for allowable expenditures in accordance with specific grant requirements.
h. Assigned for other are funds from specific revenues that are to be spent for facility remodel, victim assistance, and injured animals, as well as residual balances of selected special revenue funds.

Unassigned: This classification includes all amounts that are not included in other spendable classifications and the remaining negative fund balance for any governmental funds. The General Fund is the only fund that reports a positive unassigned fund balance.

When available, the City uses restricted fund balances first, followed by committed resources, assigned resources, then unassigned resources, as appropriate opportunities arise. However, the City reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources of governmental and business-type activities and proprietary funds. Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus capital-related deferred outflows of resources, reduced by the outstanding balances of any borrowing and capital related deferred inflows of resources used for the acquisition, construction, or improvements of those assets, plus unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

For purposes of measuring the net pension liability (asset), pension-related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense, City specific information about its Fiduciary Net Position and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's OPEB liability is obtained from an actuarial valuation through a report prepared for the City by their consulting actuary in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting as deferred outflows of resources:

- Deferred charges on refundings – deferred charges on refundings result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.
- Pension contributions subsequent to the measurement date – these contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension experience – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources – Continued

- Difference in projected and actual investment earnings for pension assets – the difference is deferred and amortized over a closed five-year period.
- Difference in projected and actual investment earnings on OPEB assets – this difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The City has the following items that qualify for reporting as deferred inflows of resources:

- Difference in OPEB actuarial assumption changes – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date.
- Leases – this amount results from the City's long-term lease agreements in which the City is a lessor. This amount is deferred and amortized over the lease period.

Tax Abatements

The City provides tax abatement programs through economic development agreements designed to promote local economic development and redevelopment; spur economic improvement; stimulate business and commercial activity within the City; retain, create, and attract jobs; train and retrain employees of local businesses; generate additional sales tax and enhance the property tax base and economic condition of the City. Agreements generally contain recapture provisions which may require repayment or termination if the recipients do not meet the required provisions.

As of September 30, 2023, the City has two categories of tax abatement programs for economic development:

Tax Abatements – The City has designated tax reinvestment zones and negotiated tax abatement agreements with applicants as authorized by the Texas Tax Code Chapter 312 and administered through the City's Tax Abatement Policy to promote development and redevelopment within the City. Such abatement agreements authorize the appraisal district to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement.

Recipients receiving tax abatements generally commit to the creation of new value of eligible property improvements, either for new or improved existing facilities, made subsequent to the agreement ranging from 35% to 75% for up to 10 years. No property taxes were abated under this program in fiscal year 2023.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tax Abatements - Continued

General Economic Development Agreements – The City has entered into various agreements under Texas Local Government Code Chapter 380 to stimulate economic development. Such agreements may provide rebates, grants, or loans for promotion of economic development including attracting new business and encouraging expansion or retention of existing businesses. Rebates may be a flat amount or percentage of property taxes or sales taxes received by the City. For fiscal year 2023, the City rebated $1,226,212 in sales taxes, or 4.12% of the total sales tax revenues and $17,840 in property tax revenue, or less than 0.07% of the total property tax revenues. These rebates are reflected in non-departmental expenditures in the general fund and in general and administrative expenditures in the EDC fund.

Leases - Lessor

The City is a lessor for noncancellable leases of property and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Implementation of New Accounting Standards

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. GASB 96 was implemented in the City's 2023 financial statements.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

State statutes and the City's investment policy require that all uninsured deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies or instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits or by a letter of credit issued by a federal home loan bank. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2023. At year-end, the carrying amount of the City's deposits was a credit of $722,426 primarily consisting of outstanding checks, with a bank balance of $2,319,404.

The total bank balance is covered by Federal Depository Insurance Corporation (FDIC) insurance or by collateral for balances in excess of FDIC coverage. Collateral is held by Bank of NY Mellon in the City's name under a joint safekeeping agreement with Frost National Bank for City deposits at Frost Bank. The market value of the collateral provided by Frost Bank at the close of the fiscal year was $2,275,972. The balances at Bank of Texas (BOT) are covered by FDIC insurance and collateral pledged to cover the balances in the BOT short-term cash fund.

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments

State statutes, City bond ordinances, and City resolutions authorize the City's investments. The City is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, obligations of the State of Texas and its agencies and instrumentalities, fully-insured or collateralized certificates of deposit, fully-collateralized repurchase agreements and reverse repurchase agreements, government pools, and no-load SEC-registered money market funds consisting of any of these securities listed.

Because the City is responsible for the investment portfolio of its component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2023, the City did not own any types of securities other than those permitted by statute.

Investment Type	Book Value	Fair Value Level 2	% of Portfolio	WAM	Rating	Rating Agency
Investments measured at amortized cost:						
Investment Pools:						
TexasClass	$ 33,891,626		18.1%	23	AAAm	S&P
TexPool	39,511,771		21.1%	28	AAAm	S&P
TexSTAR	39,993,625		21.3%	30	AAAm	S&P
Investments measured at fair value:						
U.S. Treasury	998,320	$ 1,000,000	0.5%	0	Aaa	Moody's
Certificates of Deposit	2,628,000	2,622,826	1.5%	5	Not rated	
U.S. Government Agency Securities:						
FNMA	3,000,000	2,987,890	1.6%	5	AA+/Aaa	S&P/Moody's
FFCB	3,998,500	3,969,580	2.1%	1	AA+/Aaa	S&P/Moody's
FHLB	38,500,000	38,287,415	20.5%	59	AA+/Aaa	S&P/Moody's
FHLMC	23,995,706	23,879,080	12.8%	67	AA+/Aaa	S&P/Moody's
FAMCA	1,000,000	1,001,773	0.5%	5	Not rated	
Total	$ 187,517,548	$ 73,748,564	100%			

Weighted average maturity (WAM) of the portfolio by investment type categories reflected in the previous table is stated in days. For the investment pools, the Reset WAM is presented. Investment type acronyms displayed in the previous table are defined as follows: FNMA – Federal National Mortgage Association, FFCB – Federal Farm Credit Bank, FHLB – Federal Home Loan Bank, FHLMC – Federal Home Loan Mortgage Corporation, and FAMCA – Federal Agricultural Mortgage Corporation. The rating agency acronyms are defined as follows: S&P – Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. and Moody's – Moody's Investor Service, Inc. Additional information about the rating agency or the significance of the ratings provided may be obtained from each agency's web site.

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the previous table. The City's investment balances and weighted average maturity of such investments are as shown.

Investment pools are measured at amortized cost and are exempt from fair value reporting.

U.S Treasury and U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Certificates of Deposit classified in Level 2 of the fair value hierarchy are valued using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Fair Value – Continued

All of the public fund investment pools (pools) in which the City is a participant use amortized cost to value the portfolio. Amortized cost, in most cases, approximates the market value of the securities held. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The pools in which the City invests transact at a net asset value of $1.00 per share, have a weighted average maturity of 60 days or less and weighted average life of 120 days or less, hold investments that are highly rated by a nationally recognized statistical rating organization, have no more than 5% of the portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions.

The TexPool investment pool is an external investment pool that has a redemption notice period of one day and has no maximum transaction amounts. Texpool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

The TexSTAR investment pool is an external investment pool with an investment strategy that seeks preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. TexSTAR has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

The MBIA Texas CLASS Investment Pool is governed by a Board of Trustees. The number of trustees is determined and elected by the participants in the pool annually but it must be comprised of an odd number with a minimum of three trustees. The Board meets upon the request of at least two trustees, but not less than once annually. The pool is tailored to comply with the Public Funds Investment Act. Duties of the governing board include oversight responsibility.

TexPool falls under the purview of the Texas Comptroller of Public Accounts (Comptroller) who is responsible for oversight of TexPool operations. Federated Hermes is responsible for managing pool assets and day-to-day operations. TexSTAR is duly chartered and administered by HilltopSecurities Inc. and JP Investment Management, Inc. TexSTAR has established a governing board that is partially comprised of pool participants. Duties of the governing board include oversight responsibility. The Comptroller and the governing board exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements.

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Fair Value – Continued

Additionally, per the requirements of the Public Funds Investment Act (PFIA), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm. In connection with the financial audit, a compliance audit of management controls on investments and adherence to the investment policies is also required.

Interest Rate Risk

In compliance with the City's Investment Policy, as of September 30, 2023, the City minimized the interest rate risk, the risk relating to the decline in market value of securities in the portfolio, by: limiting the weighted average maturity to 365 days and the stated maturity to two years or less, with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the PFIA; and investing funds primarily in money market mutual funds, government investment pools, and shorter-term securities.

The following table details the maturity schedule for the City's investment portfolio as of September 30, 2023:

Maturity Schedule	Book Value	Fair Value	% of Portfolio
Overnight	$ 113,397,022	$ 113,397,022	61%
Less than 1 month	3,997,570	3,995,800	2%
1 to 6 months	23,473,250	23,322,988	12%
6 to 9 months	8,474,000	8,397,872	4%
9 to 12 months	8,720,000	8,692,858	5%
12 to 18 months	13,475,706	13,425,653	7%
Over 18 months	15,980,000	15,913,393	9%
Total	$ 187,517,548	$ 187,145,586	100%

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Credit Risk

In compliance with the City's Investment Policy, as of September 30, 2023, the City minimized credit risk losses due to default of a security issuer or backer, by: limiting investments to the safest types of securities; primarily investing in U.S. Agency Bonds rated AA+ by Standard & Poor's; pre-qualifying financial institutions, brokers/dealers, and advisors with which the City will do business; and diversifying the investment portfolio so that the potential losses on securities are minimized.

Custodial credit risk – risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of deposits in excess of FDIC coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party collateral safekeeping agent.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to 105% of the largest balances the City maintains in the bank. The percentage as shown reflects the requirement based on market value of the pledged securities. The City actively monitors and manages collateral levels for all deposits. On September 30, 2023, the City's bank balances were fully insured or collateralized.

The City's depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment, meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets - nondepreciable					
Land	$ 42,947,329	$ 204,240	$ -	$ 374,737	$ 43,526,306
Construction in progress	19,933,713	7,696,350	-	(11,501,361)	16,128,702
Total nondepreciable capital assets	62,881,042	7,900,590	-	(11,126,624)	59,655,008
Capital assets - depreciable					
Buildings	69,616,840	10,000	(1,581,144)	7,038,642	75,084,338
Improvements other than buildings	22,319,831	-	-	612,730	22,932,561
Infrastructure	106,200,864	285,014	-	2,290,471	108,776,349
Machinery and equipment	15,484,053	1,215,228	(490,084)	1,184,781	17,393,978
Total depreciable capital assets	213,621,588	1,510,242	(2,071,228)	11,126,624	224,187,226
Less accumulated depreciation					
Buildings	(33,258,456)	(2,024,667)	457,576	-	(34,825,547)
Improvements other than buildings	(6,569,814)	(708,814)	-	-	(7,278,628)
Infrastructure	(52,742,305)	(2,899,825)	-	-	(55,642,130)
Machinery and equipment	(9,752,892)	(1,339,240)	315,725	-	(10,776,407)
Total accumulated depreciation	(102,323,467)	(6,972,546)	773,301	-	(108,522,712)
Total depreciable capital assets, net	111,298,121	(5,462,304)	(1,297,927)	11,126,624	115,664,514
Intangible right-to-use assets - amortizable					
Equipment	259,697	-	-	-	259,697
Software	-	337,794	-	-	337,794
Total amortizable intangible assets	259,697	337,794	-	-	597,491
Less accumulated amortization					
Equipment	(61,895)	(62,108)	-	-	(124,003)
Software	-	(114,214)	-	-	(114,214)
Total accumulated amortization	(61,895)	(176,322)	-	-	(238,217)
Net amortizable intangible assets	197,802	161,472	-	-	359,274
Total governmental fund capital and intangible assets, net	174,376,965	2,599,758	(1,297,927)	-	175,678,796
Internal service funds					
Capital assets - depreciable					
Machinery and equipment	16,868,092	2,725,194	(849,457)	-	18,743,829
Total depreciable internal service assets	16,868,092	2,725,194	(849,457)	-	18,743,829
Less accumulated depreciation					
Machinery and equipment	(10,764,318)	(1,772,950)	809,908	-	(11,727,360)
Total internal service funds capital assets, net	6,103,774	952,244	(39,549)	-	7,016,469
Total governmental activities capital and intangible assets, net	$ 180,480,739	$ 3,552,002	$ (1,337,476)	$ -	$ 182,695,265

NOTE 3. CAPITAL ASSETS – CONTINUED

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Business-type activities					
Capital assets - nondepreciable					
Land	$ 5,718,545	$ -	$ -	$ -	$ 5,718,545
Construction in progress	10,704,946	2,169,488	-	(11,486,598)	1,387,836
Total nondepreciable capital assets	16,423,491	2,169,488	-	(11,486,598)	7,106,381
Capital assets - depreciable					
Buildings	4,207,035	-	-	3,227,802	7,434,837
Equipment	3,774,599	103,571	(644,620)	104,810	3,338,360
Improvements	21,328,757	-	(105,559)	73,590	21,296,788
Utility system	133,609,371	432,202	(703,293)	8,080,396	141,418,676
Total depreciable capital assets	162,919,762	535,773	(1,453,472)	11,486,598	173,488,661
Less accumulated depreciation					
Buildings	(3,028,255)	(124,216)	-	-	(3,152,471)
Equipment	(2,589,252)	(262,722)	534,261	-	(2,317,713)
Improvements	(13,139,194)	(614,560)	105,559	-	(13,648,195)
Utility system	(67,979,703)	(3,149,466)	395,369	-	(70,733,800)
Total accumulated depreciation	(86,736,404)	(4,150,964)	1,035,189	-	(89,852,179)
Total depreciable capital assets, net	76,183,358	(3,615,191)	(418,283)	11,486,598	83,636,482
Intangible right-to-use assets - amortizable					
Equipment	227,130	-	-	-	227,130
Software	-	14,233	-	-	14,233
Total amortizable intangible assets	227,130	14,233	-	-	241,363
Less accumulated amortization					
Equipment	(23,671)	(54,839)	-	-	(78,510)
Software	-	(4,856)	-	-	(4,856)
Total accumulated amortization	(23,671)	(59,695)	-	-	(83,366)
Net amortizable intangible assets	203,459	(45,462)	-	-	157,997
Total business-type activities capital and intangible assets, net	$ 92,810,308	$ (1,491,165)	$ (418,283)	$ -	$ 90,900,860

Capital asset depreciation and amortization expense was charged as a direct expense to programs of the primary government as follows:

Governmental activities	
Culture and recreation	$ 1,063,655
Development	32,244
General administrative	4,361,456
Highways and streets	2,852,793
Public safety	611,670
Total capital asset depreciation and amortization expense - governmental activities	$ 8,921,818
Business-type activities	
Water and wastewater	$ 2,456,012
Drainage utility	848,965
Golf course	441,399
Other recreation enterprises	464,283
Total capital asset depreciation and amortization expense - business-type activities	$ 4,210,659

NOTE 4. LONG-TERM DEBT

Outstanding commitments at September 30, 2023, under authorized construction contracts, were $8,141,304. These outstanding commitments are to be financed by available deposit and investment balances, which include proceeds from previous bond issuances.

The following is a summary of long-term debt activity of the City for the year ended September 30, 2023:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Governmental activities					
General obligation bonds	$ 3,010,000	$ -	$ (1,140,000)	$ 1,870,000	$ 1,185,000
Certificates of obligation	52,560,000	20,620,000	(2,505,000)	70,675,000	3,200,000
Sales tax revenue bonds	5,025,000	-	(225,000)	4,800,000	230,000
Tax notes	9,155,000	-	(1,990,000)	7,165,000	1,590,000
Lease liability	197,802	-	(62,107)	135,695	62,436
Subscription liability	-	337,794	(114,214)	223,580	109,879
Premium on debt	2,304,130	1,630,433	(197,424)	3,737,139	306,122
Discount on debt	(59,288)	-	9,682	(49,606)	(9,682)
Net pension liability	-	29,036,476	-	29,036,476	-
Net OPEB liability	9,168,287	-	(908,516)	8,259,771	-
Compensated absences	2,218,795	468,889	(392,017)	2,295,667	229,567
Total governmental activities	83,579,726	52,093,592	(7,524,596)	128,148,722	6,903,322
Business-type activities					
Water and sewer revenue bonds	16,835,000	-	(960,000)	15,875,000	965,000
General obligation refunding bonds	2,775,000	-	(530,000)	2,245,000	540,000
Lease liability	203,458	-	(54,838)	148,620	56,609
Subscription liability	-	14,233	(4,856)	9,377	4,634
Premiums on debt	98,242	-	(19,241)	79,001	19,241
Discounts on debt	(17,878)	-	1,626	(16,252)	(1,625)
Net pension liability	-	5,482,360	-	5,482,360	-
Net OPEB liability	1,712,749	-	(176,928)	1,535,821	-
Compensated absences	395,571	67,805	(46,153)	417,223	41,722
Total business-type activities	22,002,142	5,564,398	(1,790,390)	25,776,150	1,625,581
Total primary government	$ 105,581,868	$ 57,657,990	$ (9,314,986)	$ 153,924,872	$ 8,528,903

Governmental fund net pension liability and net OPEB liability are typically liquidated by the general, half-penny sales tax, crime control and prevention district, and juvenile case funds.

NOTE 4. LONG-TERM DEBT – CONTINUED

General Obligation Bonds

General obligation bonds and general obligation refunding bonds provide funds for the acquisition and construction of major capital equipment, City facilities, and infrastructure assets and the refunding of previously issued debt instruments. General obligation bonds require voter authorization; whereas general obligation refunding bonds do not. General obligation bonds are direct obligations of the City, payable from a continuing and direct ad valorem tax, levied within the limits prescribed by law, on all taxable property within the City as provided in the ordinances authorizing issuance of the bonds.

The City is required to compute an interest and sinking fund tax rate sufficient to cover the annual debt service requirements inclusive of anticipated drawdown of reserves, transfers or revenues from self-supporting debt systems, and other miscellaneous sources.

As of September 30, 2023, general obligation bonds currently outstanding are as follows:

	Interest Rate %	Dated	Maturity Date	Principal Outstanding
General Obligation Bonds				
Taxable Refunding, Series 2010	4.4%	08/15/2010	08/01/2025	$1,335,000
Refunding, Series 2012	3.125%	12/01/2011	02/15/2024	535,000
Refunding, Series 2012A	2.25% – 2.625%	11/01/2012	02/15/2027	2,245,000
			Total	$4,115,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	Total
2024	$ 1,185,000	$ 67,099	$ 540,000	$ 48,738	$ 1,840,837
2025	685,000	30,140	555,000	36,072	1,306,212
2026	-	-	565,000	22,419	587,419
2027	-	-	585,000	7,678	592,678
Total	$ 1,870,000	$ 97,239	$ 2,245,000	$ 114,907	$ 4,327,146

The business-type activities general obligation refunding bonds outstanding were issued to refund previously issued golf course debt. The City anticipates repayment of the debt will occur from the golf system revenues. However, these plans are subject to change.

NOTE 4. LONG-TERM DEBT – CONTINUED

Certificates of Obligation

Certificates of obligation are issued for many of the same purposes as general obligation bonds, but certificates do not require voter authorization nor may they be used to refund existing debt. The certificates constitute direct obligations of the City, payable from (i) the levy and collection of a direct and continuing ad valorem tax, levied within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed $1,000 per issue) of the Net Revenues of the City's waterworks and sanitary sewer system.

The City currently has the following certificates of obligation outstanding as of the end of the fiscal year:

	Interest Rate %	Dated	Maturity Date	Principal Outstanding
Certificates of Obligation				
Series 2011	4% – 4.25%	01/15/2011	08/15/2030	$1,425,000
Series 2014	3%	10/15/2014	08/15/2034	3,930,000
Series 2015	3% – 5%	10/27/2015	02/15/2035	2,245,000
Series 2016	2.25% – 3.25%	01/12/2016	02/15/2041	13,365,000
Series 2018	3% – 4%	03/01/2018	02/15/2038	7,540,000
Series 2019	3% – 5%	01/15/2019	02/15/2039	10,280,000
Series 2020	2% – 3.5%	01/14/2020	02/15/2040	6,290,000
Series 2021	1.625% – 4%	04/08/2021	02/15/2041	4,980,000
Series 2023	4% – 5%	08/08/2023	02/15/2038	20,620,000
			Total	$70,675,000

Annual debt service requirements to maturity for the certificates of obligation are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2024	$ 3,210,000	$ 2,477,650	$ 5,687,650
2025	3,985,000	2,416,651	6,401,651
2026	4,025,000	2,269,951	6,294,951
2027	4,080,000	2,115,841	6,195,841
2028	4,090,000	1,958,563	6,048,563
2029-2033	22,335,000	7,236,865	29,571,865
2034-2038	23,800,000	2,924,031	26,724,031
2039-2041	5,150,000	205,275	5,355,275
Total	$ 70,675,000	$21,604,827	$92,279,827

In August 2023, the City Council approved the issuance of $20,620,000 of Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, series 2023 for the purpose of designing, constructing, renovating, and equipping the City Police and Courts building, and (ii) professional services rendered in relation to such projects and the financing thereof.

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds

Each series of revenue bonds is backed by the pledged revenue sources identified in the bond ordinances authorizing issuance of the bonds. The purpose and primary pledged revenue sources of each type of revenue bond are summarized as follows.

Half-penny sales tax fund issues sales tax revenue bonds (STRB) to finance library, park, and economic development projects throughout the City. Sales tax revenue bonds are special obligations of the Euless Development Corporation (EDC), payable solely from and secured by a lien on and pledge of certain Pledged Revenues which includes the gross proceeds of a ½¢ sales and use tax levied within the City for the benefit of the EDC. The EDC is reflected in the financial statements of the City as a special revenue fund. Accordingly, the EDC's debt is reflected in governmental activities debt.

Water and wastewater fund issues revenue bonds (W&WW) for the construction of and improvement to the City's combined waterworks and sanitary sewer infrastructure or to refund previously issued revenue bonds. Water and sewer revenue bonds and refunding bonds are payable solely from and equally secured by a first lien on and pledge of the net revenues of the City's water and wastewater system.

The City currently has the following revenue bonds outstanding at the end of the fiscal year:

	Interest Rate %	Dated	Maturity Date	Principal Outstanding
Revenue Bonds				
W&WW Refunding, Series 2012	2.03%	03/29/2012	07/15/2024	$ 135,000
W&WW Improvement, Series 2013	4% – 5%	06/25/2013	07/15/2033	935,000
W&WW Improvement, Series 2015A	1.12% – 1.98%	06/15/2015	07/15/2035	2,925,000
W&WW Improvement, Series 2015B	0.82% – 1.68%	06/15/2015	07/15/2035	1,540,000
W&WW Improvement, Series 2018	0.54% – 1.49%	04/12/2018	07/15/2038	2,140,000
W&WW Improvement, Series 2019	0.42% – 1.66%	04/25/2019	07/15/2049	8,200,000
STRB, Series 2018	3% – 4%	10/15/2018	09/15/2038	1,315,000
STRB, Series 2019	2.5% – 4%	12/12/2019	09/15/2039	3,485,000
			Total	$ 20,675,000

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds – Continued

Annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal	Governmental Activities		Business-Type Activities		
Year	Principal	Interest	Principal	Interest	Total
2024	$230,000	$164,625	$965,000	$244,786	$1,604,411
2025	245,000	156,075	840,000	233,658	1,474,733
2026	250,000	146,975	845,000	224,201	1,466,176
2027	260,000	136,975	860,000	213,835	1,470,810
2028	270,000	126,575	870,000	201,924	1,468,499
2029-2033	1,505,000	478,325	4,590,000	792,812	7,366,137
2034-2038	1,770,000	219,800	3,095,000	424,804	5,509,604
2039-2043	270,000	8,100	1,650,000	255,164	2,183,264
2044-2048	–	–	1,785,000	119,848	1,904,848
2049	–	–	375,000	6,225	381,225
Total	$4,800,000	$1,437,450	$15,875,000	$2,717,257	$24,829,707

The gross ½¢ sales tax revenues of the EDC recognized in the year ending September 30, 2023 totaled $7,448,650. The principal, interest and fiscal charges on the EDC debt for the same period totaled $398,975 which equates to approximately 5.4% of the gross ½¢ sales tax revenues.

The recognized net revenues of the water and wastewater fund totaled $3,003,993 for the year ending September 30, 2023. Principal, interest and fiscal charges on the water and sewer revenue bonds totaled $1,215,341 which equates to approximately 40.5% of net system revenues.

In accordance with the water and sewer revenue and refunding bond ordinances, the following reserves were established:

Reserve for revenue bond debt service – to be used for retirement of the current portion of principal and interest payments.

Reserve for emergency – to be used for payment of extraordinary repairs or replacements to the system necessitated by an emergency for which no other funds are available.

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds – Continued

Revenue bond reserve – a reserve established at the time of issuance pursuant to the revenue bond covenants which will be used for principal and interest payments in the event of default by the issuer.

Should the reserve for revenue bond debt service and/or the revenue bond reserve prove deficient, the reserve for emergency shall be used for the purpose of meeting principal and/or interest requirements of the bonds.

All funding requirements for the above reserves were met at September 30, 2023.

Investments of funds included in the bond reserve and emergency accounts are restricted to obligations of the United States or its agencies or instrumentalities (except for mortgage pass-through securities).

Water and sewer revenue bonds authorized and unissued as of September 30, 2023, amounted to $1,200,000. The water and sewer bonds were authorized in 1970, and currently the City Council has no intent to issue these bonds.

Tax Notes

Tax notes are issued for the purchase of certain specified materials, supplies, equipment, and machinery for the City's authorized needs and purposes. The City currently has the following tax notes outstanding as of the end of the fiscal year:

	Interest Rate %	Dated	Maturity Date	Principal Outstanding
Tax Notes				
Series 2021	4.00%	04/08/2021	02/15/2024	$570,000
Series 2022	2.89%	09/20/2022	02/15/2029	6,595,000
				$7,165,000

NOTE 4. LONG-TERM DEBT – CONTINUED

Tax Notes – Continued

Annual debt service requirements to maturity for the tax notes are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2024	$1,590,000	$187,257	$1,777,257
2025	1,050,000	145,945	1,195,945
2026	1,085,000	115,094	1,200,094
2027	1,115,000	83,304	1,198,304
2028	1,145,000	50,647	1,195,647
2029	1,180,000	17,051	1,197,051
Total	$7,165,000	$599,298	$7,764,298

Lease Liability

The City leases equipment consisting of printers, copiers and GPS equipment to utilize in various operations of the City.

Prior to October 1, 2021, the City entered into a five-year lease agreement as lessee for the use of printers and copiers. An initial lease liability was recorded in the amount of $346,263. As of September 30, 2023, the value of the lease liability was $180,925. The City is required to make monthly principal and interest payments of $7,000. The lease has an implicit interest rate of 1.9235%. The value of the right-to-use asset as of September 30, 2023 was $346,263 with accumulated amortization of $165,339.

During the year ended September 30, 2022, the City entered into a four-year lease agreement as lessee for the use of GPS equipment. An initial lease liability was recorded in the amount of $140,564. As of September 30, 2023, the value of the lease liability was $103,390. The City is required to make monthly principal and interest payments of $3,040. The lease has an interest rate of .527%. The value of the right-to-use asset as of September 30, 2023 was $140,564 with accumulated amortization of $37,174.

The future principal and interest lease payments as of September 30, 2023 were as follows:

Fiscal Year	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	Total
2024	$62,436	$564	$55,608	$1,872	$120,480
2025	62,766	234	56,393	1,087	120,480
2026	10,493	7	36,619	322	47,441
Total	$135,695	$805	$148,620	$3,281	$288,401

NOTE 4. LONG-TERM DEBT – CONTINUED

Subscription-based IT Arrangements

The City leases certain software under subscription-based IT arrangements (SBITA).

In August 2023, the City entered into a three-year subscription arrangement for the use of certain software. An initial subscription liability was recorded in the amount of $35,130. As of September 30, 2023, the value of the subscription liability was $24,130. The City is required to make annual principal and interest payments that range from $12,000 to $13,000. The subscription has an implicit interest rate of 2.363%. The value of the right-to-use asset as of September 30, 2023 was $35,130 with accumulated amortization of $11,000.

In April 2023, the City entered into a three-year subscription arrangement for the use of certain software. An initial subscription liability was recorded in the amount of $237,215. As of September 30, 2023, the value of the subscription liability was $156,288. The City is required to make annual principal and interest payments of $80,926. The subscription has an implicit interest rate of 2.3633%. The value of the right-to-use asset as of September 30, 2023 was $237,215 with accumulated amortization of $80,927.

In July 2023, the City entered into a three-year subscription arrangement for the use of certain software. An initial subscription liability was recorded in the amount of $79,682. As of September 30, 2023, the value of the subscription liability was $52,539. The City is required to make annual principal and interest payments of $27,552. The subscription has an implicit interest rate of 3.238%. The value of the right-to-use asset as of September 30, 2023 was $79,682 with accumulated amortization of $27,143.

The future principal and interest lease payments as of September 30, 2023 were as follows:

Fiscal	Governmental Activities		Business-Type Activities		
Year	Principal	Interest	Principal	Interest	Total
2024	$ 109,879	$ 5,696	$ 4,634	$ 269	$ 120,478
2025	113,701	2,920	4,743	112	121,476
Total	$ 223,580	$ 8,616	$ 9,377	$ 381	$ 241,954

NOTE 5. COMMITMENTS AND CONTINGENT LIABILITIES

The City entered into a contract dated January 21, 1972, with Trinity River Authority (TRA) whereby TRA agreed to provide treated water to the City. This contract was for an original term of thirty-five (35) years and continues in effect until all bonds, or any bonds issued to refund same, have been paid in full. Additionally, on October 10, 1973, the City entered into a contract with TRA to provide wastewater treatment services to the City. The contract remains in force and effect for a period of fifty (50) years and thereafter until any bonds, or any bonds issued to refund same, have been paid in full. Payments by the City are based on metered usage at rates designed to charge the City a prorata share of TRA's annual operating and maintenance expenses and principal and interest requirements on bonds issued by TRA. Payments under these contracts totaled $14,655,072 and are included as operating expenses of the water and wastewater fund.

The City entered into a 20-year contract dated February 2, 2010, with the City of Fort Worth (Fort Worth) whereby Fort Worth agreed to provide reclaimed water service to the City. Payments by the City are based on metered volume. Payments under this contract totaled $523,399 in the year ended September 30, 2023 and are included as operating expenses of the water and wastewater fund.

The City is involved in a number of lawsuits arising in the ordinary course of business. In the opinion of the City's legal counsel and management, any liability resulting from such litigation would not be material in relation to the City's financial position.

NOTE 6. SERVICE CENTER

The water and wastewater enterprise fund historically bears the major portion of the operating costs of the City's service center, which provides services to all City departments.

NOTE 7. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds.

	Transfers in				
Transfers out	General	Debt Service	Police CIP	Non-major Governmental	Subtotal Governmental
General	$ -	$ -	$ -	$ 2,657,829	$ 2,657,829
Car rental tax	-	-	-	1,878,474	1,878,474
Water and wastewater	1,579,218	-	-	-	1,579,218
Drainage utility	48,464	-	-	-	48,464
Nonmajor governmental	-	2,350,235	960,000	3,899,208	7,209,443
Total transfers in	$ 1,627,682	$ 2,350,235	$ 960,000	$ 8,435,511	$ 13,373,428

	Transfers in				
		Major Enterprise			
Transfers out	Internal Service	Golf Course	Other recreation enterprises	Subtotal Enterprise	Total Transfers Out
General	$ 450,000	$ 17,863	$ -	$ 17,863	$ 3,125,692
Car rental tax	772,481	-	-	-	2,650,955
Water and wastewater	450,000	-	-	-	2,029,218
Drainage utility	-	-	-	-	48,464
Nonmajor governmental	-	799,428	115,140	914,568	8,124,011
Total transfers in	$ 1,672,481	$ 817,291	$ 115,140	$ 932,431	$ 15,978,340

Transfers are primarily used to move funds from:

- The general fund to the non-major governmental funds to fund approved capital projects and to satisfy grant matching requirements, and to the golf course fund for sales tax rebates.
- The water and wastewater fund and the drainage utility fund to the general fund for general and administrative charges.
- The car rental tax fund to the non-major governmental funds to provide funding for approved capital projects.
- The car rental tax fund to the internal service funds for the replacement of capital assets.
- The non-major governmental funds to the Police CIP fund for approved capital project funding.
- The non-major governmental funds to the non-major governmental funds to provide task force and project funding.

NOTE 7. INTERFUND TRANSFERS – CONTINUED

- The non-major governmental funds to the other recreation enterprises funds to provide festival funding.
- The non-major governmental funds to debt service funds for debt payments on previously issued debt.
- The general fund and water and wastewater fund to the internal service funds for workers' compensation and general liability insurance claims.
- The non-major governmental funds to the golf course fund to cover a portion of the operating and debt costs associated with the conference center.

NOTE 8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) to provide both general liability and property insurance.

The City, along with other participating entities, contributes annual amounts determined by TMLIRP management. As claims arise they are submitted to and paid by TMLIRP. The City is not liable for payments beyond their annual contributions to TMLIRP and related deductibles.

In fiscal year 2006, the City contracted with the Texas Municipal League Intergovernmental Risk Pool to provide workers' compensation insurance and effectively discontinued being self-insured for workers' compensation claims. This policy has no deductibles, includes all claims handling, and has a fixed premium.

In fiscal years prior to 2006, the City was self-insured for workers' compensation claims. Contributions were made to a separate risk management fund by other funds and were available to pay claims, claim reserves, and administrative costs of the program. The City remains liable under its self-insurance program for any claims occurring prior to October 1, 2005.

The City provides employee health insurance coverage on a self-insured basis. Premiums are paid into a separate insurance fund by other funds, by the City's employees, and by retirees. The premiums are used to fund claims, administrative costs of the program, and claim reserves. An excess coverage insurance policy covers individual claims in excess of $125,000, and aggregate claims in excess of $8,072,900. During fiscal year 2023, the City and the City's employees contributed approximately $5,360,312 and $1,451,925 respectively, for medical coverage.

The City's contributions are accounted for as interfund services provided and used. Claims liabilities are based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported and are accounted for in the Insurance Internal Service Fund.

NOTE 8. RISK MANAGEMENT – CONTINUED

Changes in the balances of health, dental, and prescription claims liabilities for the years ended September 30, 2023 and 2022 are as follows:

	2023	2022
Unpaid claims, beginning of year	$ 419,951	$ 840,000
Incurred claims	5,480,216	4,253,801
Paid claims	(4,914,167)	(4,673,850)
Unpaid claims, end of year	$ 986,000	$ 419,951

Settlement amounts have not exceeded stop loss insurance coverage for the year ended September 30, 2023 or any of the three preceding years ended September 30.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of participating Texas cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefits Provided – Continued

Plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years
Service retirement eligibility	20 years at any age, 5 years at 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI

Employees Covered By Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	301
Inactive employees entitled to, but not yet receiving benefits	191
Active employees	384
Total	876

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the city matching percentages are either 1:1 (1 to 1), 1.5:1 (1 ½ to 1), or 2:1 (2 to 1), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the year ended September 30, 2023. The contribution rates for the City were 17.64% and 17.71% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were $5,917,958 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with adjustment for time (aggressive).

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions – Continued

The target allocation and best estimates of real rates of return for each major asset class for the year ended December 31, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2021	$ 251,641,795	$ 251,846,824	$ (205,029)
Changes for the year:			
Service cost	5,966,121	-	5,966,121
Interest	16,821,152	-	16,821,152
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,567,444	-	1,567,444
Changes of assumptions	-	-	-
Contributions - employer	-	5,713,524	(5,713,524)
Contributions - employee	-	2,267,255	(2,267,255)
Net investment income	-	(18,380,677)	18,380,677
Benefit payments, including refunds of employee contributions	(10,845,200)	(10,845,200)	-
Administrative expense	-	(159,083)	159,083
Other changes	-	189,833	(189,833)
Net changes	13,509,517	(21,214,348)	34,723,865
Balance at 12/31/2022	$ 265,151,312	$ 230,632,476	$ 34,518,836

There were no changes in benefit terms during the year.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 70,997,277	$ 34,518,836	$ 4,453,774

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the valuation date of December 31, 2022, the City recognized pension expense of $8,484,303. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,242,581	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	15,860,497	-
Contributions subsequent to the measurement date	4,367,756	-
Total	$ 22,470,834	$ -

$4,367,756 reported as deferred outflows of resources related to the pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) for the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year December 31,	Net Deferred Outflows/(Inflows) of Resources
2023	$ 1,279,088
2024	4,523,626
2025	4,971,274
2026	7,329,090
Total	$ 18,103,078

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Postemployment Healthcare Plan

Plan Description

The City adopted the City of Euless Post-Employment Benefits Trust (OPEB Trust) by passage of Resolution No. 09-1319 on September 8, 2009 which authorized participation in the PARS Public Agencies Post-Retirement Health Care Plan Trust, including the City of Euless Public Agencies Post-Retirement Health Care Plan (the Plan), as part of the City's Retirement Program. Article III of the Public Agencies Post-Retirement Health Care Plan Master Plan Document as adopted provides for the determination of eligibility under the plan to each participating Employer to the extent provided in the Employer's applicable policies.

The City's policies with regard to post-employment healthcare coverage are governed by the City of Euless Medical and Dental Plan, the City's group health insurance plan, the benefits of which are established by management.

Benefits provided. The City provides post-employment medical, dental, life, and vision benefits under the Plan to eligible retirees and dependents qualifying as one of the eligible classes of dependents as described in the Plan. To be eligible for coverage under the Plan, an employee must retire with the City of Euless and be eligible for retirement through TMRS. TMRS retirement eligibility requirements are described in detail in Note 9. Additionally, written application to enroll himself/herself and all eligible dependents (for which coverage is elected) in the Plan must be made by the employee prior to or on the retirement date.

The Plan provides lifetime benefits or until Medicare eligibility is attained. Regardless of Medicare enrollment status, the Plan will base payment of benefits as though Medicare were responsible for primary payment of benefits insomuch as allowed by Federal law.

The Plan is a single-employer defined benefit healthcare plan administered by the City Manager, his/her successor, or his/her designee. Separate financial statements for the Plan are not issued, but rather are included in the financial statements of the City which are available on-line at https://www.eulesstx.gov/departments/finance/comprehensive-annual-financial-report.

The OPEB Trust is an agent multiple-employer trust arrangement established to provide economies of scale and efficiency of administration to public agencies. The OPEB Trust is established as a tax-exempt trust within the meaning of Section 115 of the Internal Revenue Code and is intended to hold the assets used to fund the City's post-employment benefits offered by the City to its employees as specified in the City's policies.

Upon adoption of the Trust Agreement, a separate Agency Account was established under the OPEB Trust for the City, and all assets of the Trust attributable to the City are held in the City's Agency Account. The assets of the Trust are available only to pay post-employment healthcare benefits of eligible employees of the City and their dependents and other associated administrative costs.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Policy

A Participant in the OPEB Trust is required from time to time to contribute to its Agency Account an amount determined by such Participant at its sole discretion. Such amount may, but need not, equal such Participant's actuarially determined contribution (ADC) as determined in accordance with GASB 74. However, it is currently the intent of the Plan Administrator to annually fund an amount equal to, or in excess of, the ADC. This intent is subject to change and is subject to annual appropriation.

Contribution requirements of Plan members and the City are determined by the Plan Administrator and may be amended by same from time to time. For the year ending September 30, 2023, plan members contributed:

	Monthly Contribution		
	Medical Plan	Dental	Vision
Retiree Only	$ 863.29	$ 38.55	$ 7.86
Retiree plus Children	1,640.25	73.24	12.84
Retiree plus Spouse	1,985.57	88.66	15.24
Retiree plus Family	2,503.53	111.80	21.56

Retired employees meeting all eligibility requirements as set forth in the Plan that were hired prior to October 1, 2006 and are either:

a) Retired and enrolled in the Plan on or prior to September 30, 2007; or

b) Retired and not enrolled in the Plan on or prior to September 30, 2007 and meet guidelines for reinstatement to the Plan; or

c) Employees who were not retired as of September 30, 2007 that retire with at least ten years of service to the City of Euless and have a combined age and years of service equal to at least 70

will qualify for a service discount on their total premium, subject to annual appropriation, as set forth in the following table.

Retired employees meeting all eligibility requirements as set forth in the Plan that were hired after October 1, 2006 and before October 1, 2014 retiring with a minimum of 20 years of service with a combined age and years of service to the City of Euless equal to at least 80 qualify for a service discount on their total premium, subject to annual appropriation, as set forth in the following:

	Discounts on Premiums					
	Hired Pre-10/2006		Hired Post-10/2006		Hired Post-10/2014	
Service	Retiree	Retiree+	Retiree	Retiree+	Retiree	Retiree+
10 to 14 years	15%	30%	N/A	N/A	N/A	N/A
15 to 19 years	25%	40%	N/A	N/A	N/A	N/A
20 to 24 years	35%	50%	35%	50%	N/A	N/A
25 to 29 years	50%	65%	50%	65%	N/A	N/A
30+ years	60%	75%	60%	75%	N/A	N/A

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Policy – Continued

Retirees are permitted to participate with active employees in the healthcare plan but retirees must pay all premiums (less applicable discounts) assigned to them. The City will continue to apply the applicable discount to surviving spouse/dependents based upon a deceased employee's years of service. Employees hired on or after October 1, 2014 will not be eligible for premium discounts regardless of years of service.

Per the requirements of GASB 74 and GASB 75, the following data is presented.

Plan Membership

At the October 1, 2021 actuarial valuation and measurement date, plan membership consisted of the following:

Employees/retirees covered by the benefit terms:	
Inactive plan members or beneficiaries currently receiving benefit payments	51
Inactive plan members entitled to, but not yet receiving benefit payments	22
Active plan members	356
	429

Investments

Investment policy. The City's policy in regard to the allocation of invested assets is established and may be amended by the City Manager. The City Council appointed the City Manager or her successor or her designee as the City's Plan Administrator. The City Manager selected the balanced, moderately aggressive actively-managed investment option (HighMark Balanced) to provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return. The portfolio will be allocated between equity and fixed income investments.

Asset Class	Strategic Range	Target Allocation	9/30/2023 Allocation
Equity	50-70%	60%	39%
Fixed income	30-50%	35%	26%
Cash	0-20%	5%	35%
		100%	100%

Rate of return. For the year ended September 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Investments – Continued

Concentrations. The following investments comprised 5% or more of the OPEB plan's fiduciary net position as of September 30, 2023:

Asset Class	Investment Vehicle	% of Portfolio
Equity	Vanguard Growth & Income Adm	7.55%
Fixed Income	DoubleLine Core Fixed Income I	7.48%
Fixed Income	Dodge & Cox Income	7.54%
Fixed Income	iShares MBS ETF	7.50%
Cash	First American Government Oblig X	34.77%

Net OPEB Liability of the City

The components of the net OPEB liability of the City at September 30 were as follows:

	2023	2022
Total OPEB liability	$ 21,378,634	$ 20,686,885
Plan fiduciary net position	(11,583,042)	(9,805,849)
City's net OPEB liability	$ 9,795,592	$ 10,881,036
Plan fiduciary net position as a percent of the total OPEB liability	54.18%	47.40%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions – Continued

An actuarial valuation was performed as of October 1, 2021 using the entry age normal actuarial cost method. The liability was then rolled forward to the measurement date of September 30, 2023. The actuarial assumptions include:

Inflation	2.5% per annum
Salary increases	3.00% per annum
Investment rate of return	7.50%
Healthcare cost trend rates	7.10% with annual increases/decreases to an ultimate rate of 4.2% in 2048
Dental cost trend rates	3.00%

Mortality rates were based on the sex distinct PUB 2010 general employee/retiree headcount weighted mortality table with mortality improvements scale MP-2021. The plan has not had a formal actuarial experience study performed.

The expected return of each asset class is determined through a combination of historical rates of return, valuation projections, and economic expectations. Expected rates of return are developed and annually reviewed by HighMark's Asset Allocation Committee. The long-term expected rate of return on OPEB plan investments is then calculated by weighting the returns for each asset class according to the exposure as determined by the current strategic allocation. The anticipated long-term rate of return is 6.58% with an expected standard deviation of 10.12%. Anticipated long-term returns by asset class are not available.

Discount rate. The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed the City contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability	$ 13,661,197	$ 9,795,592	$ 6,703,049

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions – Continued

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates (7.10%)	1% Increase
Net OPEB liability	$ 6,235,006	$ 9,795,592	$ 14,311,883

Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 9/30/2022	$ 20,686,885	$ 9,805,849	$ 10,881,036
Changes for the year:			
Service cost	306,311	-	306,311
Interest	1,531,512	-	1,531,512
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Difference in expected and actual net investment income	-	262,122	(262,122)
Contributions - employer	-	1,906,655	(1,906,655)
Contributions - other	252,575	252,575	-
Net investment income	-	754,490	(754,490)
Benefit payments, including refunds of employee contributions	(1,226,752)	(1,226,752)	-
Administrative expense	(171,897)	(171,897)	-
Net changes	691,749	1,777,193	(1,085,444)
Balance at 9/30/2023	$ 21,378,634	$ 11,583,042	$ 9,795,592

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of $1,248,642.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ -	$ 736,234
Difference between projected and actual investment earnings	659,983	-
Total	$ 659,983	$ 736,234

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	Net Deferred Outflows/(Inflows) of Resources
2024	$ 120,053
2025	122,258
2026	312,276
2027	(341,631)
2028	(289,207)
Total	$ (76,251)

NOTE 11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of September 30, 2023, the following fund had excess of expenditures over appropriations:

- Grant special revenue fund in the amount of $7,955.

NOTE 12. LEASE RECEIVABLES

The City leases various property and buildings to other entities. The leases range from five to 23 years in length. The City received annual payments from these leases of $812,515. The City recognized $663,241 in lease revenue and $149,274 in interest revenue during the current fiscal year related to these leases. As of September 30, 2023, the City's receivable and deferred inflows of resources for leases was $4,792,268 for governmental activities and $356,567 for business-type activities. The deferred inflow of resources associated with these leases will be recognized as revenue over the lease terms.

The future principal and interest lease payments to be received as of September 30, 2023 were as follows:

Fiscal	Governmental Activities		Business-Type Activities		
Year	Principal	Interest	Principal	Interest	Total
2024	$ 652,078	$ 123,691	$ 38,341	$ 4,559	$ 818,669
2025	659,426	102,297	38,860	4,040	804,623
2026	452,183	85,208	39,386	3,514	580,291
2027	385,789	72,368	40,733	2,980	501,870
2028	404,202	59,406	42,432	2,418	508,458
2029-2033	1,245,156	140,264	156,815	3,898	1,546,133
2034-2038	393,700	71,593	-		465,293
2039-2043	467,853	33,401	-		501,254
2044-2045	131,881	1,571	-	-	133,452
Total	$ 4,792,268	$ 689,799	$ 356,567	$ 21,409	$ 5,860,043

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE MEASUREMENT YEAR ENDED DECEMBER 31

	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
Total pension liability									
Service cost	$ 5,966,121	$ 5,642,742	$ 5,645,675	$ 5,375,963	$ 5,253,722	$ 5,149,378	$ 4,868,631	$ 4,539,237	$ 4,331,759
Interest (on the total pension liability)	16,821,152	15,918,254	15,244,423	14,557,634	13,864,487	13,129,452	12,462,429	12,302,430	11,698,243
Difference in expected and actual experience	1,567,444	2,211,218	(728,824)	(171,396)	(206,128)	169,296	(361,966)	(579,992)	(752,184)
Change in assumptions	-	-	-	145,747	-	-	-	(595,757)	-
Benefit payments, including refunds	(10,845,200)	(10,270,056)	(10,084,210)	(9,652,090)	(7,756,635)	(7,465,146)	(6,990,135)	(6,911,946)	(6,588,671)
Net change in total pension liability	13,509,517	13,502,158	10,077,064	10,255,858	11,155,446	10,982,980	9,978,959	8,753,972	8,689,147
Total pension liability, beginning of year	251,641,795	238,139,637	228,062,573	217,806,715	206,651,269	195,668,289	185,689,330	176,935,358	168,246,211
Total pension liability, ending of year	$ 265,151,312	$ 251,641,795	$ 238,139,637	$ 228,062,573	$ 217,806,715	$ 206,651,269	$ 195,668,289	$ 185,689,330	$ 176,935,358
Plan fiduciary net position									
Contributions - employer	$ 5,713,524	$ 5,511,185	$ 5,419,109	$ 5,192,816	$ 5,146,736	$ 5,027,855	$ 4,691,585	$ 4,644,735	$ 4,787,533
Contributions - employee	2,267,255	2,140,878	2,144,052	2,077,001	2,023,998	1,981,736	1,877,709	1,801,285	1,789,251
Net investment income	(18,380,677)	29,364,122	16,076,966	28,704,340	(5,754,957)	23,456,668	10,748,002	235,212	8,631,343
Benefit payments, including refunds	(10,845,200)	(10,270,056)	(10,084,210)	(9,652,090)	(7,756,635)	(7,465,146)	(6,990,135)	(6,911,946)	(6,588,671)
Administrative expense	(159,083)	(135,860)	(104,023)	(162,161)	(111,206)	(121,542)	(121,371)	(143,262)	(90,113)
Other	189,833	930	(4,058)	(4,871)	(5,810)	(6,160)	(6,539)	(7,076)	(7,409)
Net change in plan fiduciary net position	(21,214,348)	26,611,199	13,447,836	26,155,035	(6,457,874)	22,873,411	10,199,251	(381,052)	8,521,934
Plan fiduciary net position - beginning	251,846,824	225,235,625	211,787,789	185,632,754	192,090,628	169,217,217	159,017,966	159,399,018	150,877,084
Plan fiduciary net position - ending	$ 230,632,476	$ 251,846,824	$ 225,235,625	$ 211,787,789	$ 185,632,754	$ 192,090,628	$ 169,217,217	$ 159,017,966	$ 159,399,018
Net pension liability (asset) - ending	$ 34,518,836	$ (205,029)	$ 12,904,012	$ 16,274,784	$ 32,173,961	$ 14,560,641	$ 26,451,072	$ 26,671,364	$ 17,536,340
Plan fiduciary net position as a % of TPL	86.98%	100.08%	94.58%	92.86%	85.23%	92.95%	86.48%	85.64%	90.09%
Covered payroll	$ 32,389,362	$ 30,583,969	$ 30,616,434	$ 29,619,629	$ 28,914,263	$ 28,308,838	$ 26,824,411	$ 25,732,638	$ 25,560,729
Net pension liability (asset) as a % of covered payroll	106.57%	(.67%)	42.15%	54.95%	111.27%	51.44%	98.61%	103.65%	68.61%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF EULESS, TEXAS
SCHEDULE OF CONTRIBUTIONS – PENSION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Actuarially determined contributions	$ 5,917,958	$ 5,518,493	$ 5,534,917	$ 5,532,423	$ 5,174,020	$ 5,094,779	$ 4,971,811	$ 4,670,520	$ 4,602,538
Actual contributions	(5,917,958)	(5,518,493)	(5,534,917)	(5,532,423)	(5,174,020)	(5,094,779)	(4,971,811)	(4,670,520)	(4,602,538)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 33,832,208	$ 31,442,237	$ 30,853,753	$ 31,348,108	$ 29,411,252	$ 28,640,420	$ 28,113,691	$ 26,464,297	$ 25,453,407
Ratio of actual contributions to covered payroll amount	17.49%	17.55%	17.94%	17.65%	17.59%	17.79%	17.69%	17.65%	18.08%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other information:

Notes: There were no benefit changes during the year.

CITY OF EULESS, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2023*	2022*	2021*	2020*	2019*	2018*	2017*
Total OPEB liability							
Service cost	$ 306,311	$ 331,127	$ 287,730	$ 267,668	$ 435,930	$ 447,155	$ 75,083
Interest on total OPEB liability	1,531,512	1,603,744	1,539,416	1,379,257	1,360,548	1,271,483	825,331
Effect of changes of benefit terms	-	-	-	-	-	-	-
Effect of difference between expected and actual experience	-	(200,028)	-	(627,155)	-	1,459,988	432,425
Contributions - other	252,575	246,671	281,524	276,885	270,205	-	-
Effect of changes of assumptions	-	(1,824,415)	-	1,322,815	-	(798,143)	5,480,748
Administrative expense	(171,897)	(144,973)	(140,970)	(131,481)	(135,119)	-	-
Benefit payments	(1,226,752)	(1,053,109)	(955,297)	(898,811)	(1,019,931)	(1,230,281)	(1,332,839)
Net change in OPEB liability	691,749	(1,040,983)	1,012,403	1,589,178	911,633	1,150,202	5,480,748
Beginning balance	20,686,885	21,727,868	20,715,465	19,126,287	18,214,654	17,064,452	11,583,704
Ending balance	$ 21,378,634	$ 20,686,885	$ 21,727,868	$ 20,715,465	$ 19,126,287	$ 18,214,654	$ 17,064,452
Plan fiduciary net position							
Contributions - employer	$ 1,906,655	$ 1,663,312	$ 1,515,094	$ 1,455,171	$ 1,583,715	$ 1,754,093	$ 1,832,839
Contributions - other	252,575	246,671	281,524	276,885	270,205	320,471	-
Net investment income (loss)	754,490	(1,928,493)	668,472	577,387	502,656	381,824	559,716
Difference in expected and actual net investment income	262,122	-	950,076	11,026	(226,279)	-	-
Benefit payments	(1,226,752)	(1,053,109)	(955,297)	(898,811)	(1,019,931)	(1,230,281)	(1,332,839)
Administrative expense	(171,897)	(144,973)	(140,970)	(131,481)	(135,119)	(147,597)	(13,525)
Net change in plan fiduciary net position	1,777,193	(1,216,592)	2,318,899	1,290,177	975,247	1,078,510	1,046,191
Beginning balance	9,805,849	11,022,441	8,703,542	7,413,365	6,438,118	5,359,608	4,313,417
Ending balance	$ 11,583,042	$ 9,805,849	$ 11,022,441	$ 8,703,542	$ 7,413,365	$ 6,438,118	$ 5,359,608
City's net OPEB liability ending	$ 9,795,592	$ 10,881,036	$ 10,705,427	$ 12,011,923	$ 11,712,922	$ 11,776,536	$ 11,704,844
Plan fiduciary net position as a % of the total OPEB liability	54%	47%	51%	42%	39%	35%	31%
Covered employee payroll	$ 33,832,208	$ 31,442,237	$ 30,853,753	$ 31,348,108	$ 29,411,252	$ 28,640,420	$ 25,944,080
City's net OPEB liability as a % of covered employee payroll	29%	35%	35%	38%	40%	41%	45%

* This schedule is presented to illustrate the requirement to show ten years of information. However, until a full ten-year trend is available, the schedule will present the information that is available.

CITY OF EULESS, TEXAS
SCHEDULE OF CONTRIBUTIONS – OPEB TRUST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2023*	2022*	2021*	2020*	2019*	2018*	2017*
Actuarially determined contribution	$ 1,297,029	$ 1,300,719	$ 1,421,454	$ 1,388,216	$ 1,486,177	$ 1,492,738	$ 1,226,144
Contributed in relation to the actuarially determined contribution	1,906,655	1,663,312	1,515,094	1,455,171	1,583,715	1,754,093	1,832,839
Contribution deficiency (excess)	$ (609,626)	$ (362,593)	$ (93,640)	$ (66,955)	$ (97,538)	$ (261,355)	$ (606,695)
Covered employee payroll	$ 33,832,208	$ 31,442,237	$ 30,853,753	$ 31,348,108	$ 29,411,252	$ 28,640,420	$ 25,944,080
Contributions as a percentage of covered employee payroll	5.6%	5.3%	4.9%	4.6%	5.4%	6.1%	7.1%

* This schedule is presented to illustrate the requirement to show ten years of information. However, until a full ten-year trend is available, the schedule will present the information that is available.

Notes to Schedule

Significant assumptions used in preparation of actuarial valuation

Valuation date	10/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Method
Remaining amortization period	24 years - closed period
Amortization period for new losses	25 years - closed period
Asset valuation method	Market value
Discount rate	7.5%
Inflation	2.5%
Healthcare cost trend rates	7.10% increasing/decreasing annually to 4.2% in 2048+
Dental cost trend rates	3.0% per annum
Salary increases including inflation	3.00%
Long-term investment rate of return, net of investment expense	7.5%
Retirement age	Varies with age and service level
Mortality	Sex distinct PUB 2010 general employee retiree mortality tables based upon public plan experience only. Mortality improvement scale used is the MP-2021 table.

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
General property tax				
Current and delinquent taxes	$ 19,789,934	$ 19,789,934	$ 19,841,189	$ 51,255
Penalty and interest	80,000	80,000	82,978	2,978
Total property tax	19,869,934	19,869,934	19,924,167	54,233
Gross receipts and mixed beverage tax				
Telephone line access fee	98,809	98,809	87,033	(11,776)
Electric company	1,620,378	1,620,378	1,663,060	42,682
Gas company	431,092	431,092	643,892	212,800
Cable TV	240,000	240,000	212,941	(27,059)
City garbage service	318,777	318,777	345,503	26,726
Water and wastewater system	1,500,138	1,500,138	1,579,218	79,080
Others	190,478	190,478	245,134	54,656
Total gross receipts and mixed beverage tax	4,399,672	4,399,672	4,776,781	377,109
General sales tax	16,748,121	16,748,121	18,160,781	1,412,660
Fines and fees				
Municipal court fines	1,548,636	1,548,636	1,651,213	102,577
Jail income	650,000	650,000	682,500	32,500
Dog licenses and pound fees	7,500	7,500	8,328	828
Ambulance fees	900,000	900,000	1,090,244	190,244
Library fees	3,500	3,500	6,584	3,084
Zoning fees	15,500	15,500	18,422	2,922
Deferred adjudication fee	77,652	77,652	63,955	(13,697)
Total fines and fees	3,202,788	3,202,788	3,521,246	318,458
Licenses and permits				
Building permits	300,000	300,000	789,319	489,319
Miscellaneous permits	257,400	257,400	242,240	(15,160)
Minimum housing	65,000	65,000	85,865	20,865
Total licenses and permits	622,400	622,400	1,117,424	495,024
Investment income	38,402	38,402	776,630	738,228
Intergovernmental	436,294	436,294	2,576,230	2,139,936
Other revenues				
Rental income	529,970	529,970	751,245	221,275
Swimming pools	200,000	200,000	275,443	75,443
Miscellaneous income	205,440	205,440	218,603	13,163
Total other revenues	935,410	935,410	1,245,291	309,881
Total revenues	46,253,021	46,253,021	52,098,550	5,845,529

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

(Continued)

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Culture and recreation	$ 4,007,096	$ 4,007,096	$ 3,745,511	$ 261,585
Development services	1,031,504	1,031,504	961,916	69,588
General and administrative	17,938,476	17,926,913	15,708,777	2,218,136
Highways and streets	1,957,802	1,957,802	1,637,543	320,259
Public safety	30,538,553	30,538,553	29,630,409	908,144
Debt service				
Principal	-	-	171,466	(171,466)
Interest and fiscal charges	-	-	1,301	(1,301)
Total expenditures	55,473,431	55,461,868	51,856,923	3,604,945
Excess (deficiency) of revenues over (under) expenditures	(9,220,410)	(9,208,847)	241,627	9,450,474
Other financing sources (uses)				
Proceeds from sale of assets	5,000	5,000	2,618	(2,382)
Issuance of subscription debt	-	-	323,561	323,561
Transfers in	3,505,927	3,505,927	1,627,682	(1,878,245)
Transfers out	(3,110,917)	(3,122,480)	(3,125,692)	(3,212)
Total other financing sources (uses), net	400,010	388,447	(1,171,831)	(1,560,278)
Net change in fund balance	(8,820,400)	(8,820,400)	(930,204)	7,890,196
Fund balance, beginning of year	25,305,905	25,305,905	25,305,905	-
Fund balance, end of year	$ 16,485,505	$ 16,485,505	$ 24,375,701	$ 7,890,196

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
CAR RENTAL SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Car rental tax	$ 17,634,077	$ 17,634,077	$ 18,709,978	$ 1,075,901
Investment income	27,106	27,106	1,168,749	1,141,643
Total revenues	17,661,183	17,661,183	19,878,727	2,217,544
Expenditures				
General and administrative	11,856,052	12,250,487	12,583,319	(332,832)
Capital outlay	482,972	482,972	-	482,972
Total expenditures	12,339,024	12,733,459	12,583,319	150,140
Excess of revenues over expenditures	5,322,159	4,927,724	7,295,408	2,367,684
Other financing uses				
Transfers out	(3,731,823)	(4,610,297)	(2,650,955)	1,959,342
Total other financing uses	(3,731,823)	(4,610,297)	(2,650,955)	1,959,342
Net change in fund balance	1,590,336	317,427	4,644,453	4,327,026
Fund balance, beginning of year	8,698,251	8,698,251	8,698,251	-
Fund balance, end of year	$ 10,288,587	$ 9,015,678	$ 13,342,704	$ 4,327,026

NOTE 1. BUDGET BASIS OF ACCOUNTING

The City Council adheres to the following procedures in establishing budgetary data reflected in the financial statements:

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and expenses and means of financing them.

2. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to September 30, the budget is legally enacted through passage of an ordinance and a budgetary report is prepared.

4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures or expenses of any fund must be approved by the City Council. The budget presented reflects revisions made during the year. The legal level of control is at the fund level.

5. A budget is legally adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Appropriations and encumbrances lapse at year-end.

6. Formal budgetary integration is not employed for the debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

7. Budgetary data for the capital projects funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective projects and not on an annual basis. Accordingly, formal budgetary integration of the capital projects funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.

8. Appropriated budgets for the proprietary funds are also adopted but have not been presented since reporting on such budgets is not legally required.

The Budgetary Comparison Schedules – general fund and car rental tax special revenue fund present a comparison of budgetary data to actual results. These funds utilize the same basis of accounting for both budgetary purposes and actual results. A budgetary comparison schedule is not presented for the Glade Parks PID fund due to lack of budgeted activity for the prior and current years.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Hotel/Motel Fund – to account for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are used primarily for advertising and promotion of the City.

Half-Penny Sales Tax Fund – to account for the sales tax revenues and expenditures of the Euless Development Corporation, a component unit of the City of Euless. The revenues can only be spent on parks, library, debt service, and economic development activities within the City of Euless.

Police Drug Enforcement Fund – to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are used solely for police department expenditures.

Crime Control and Prevention District Fund – to account for the revenues and expenditures of this component unit of the City of Euless. The revenues are collected from sales taxes and expenditures can only be spent for police department operations and capital as approved by the Crime Control and Prevention District Board.

Grant Fund – to account for grant revenues received by the City, which must be spent in accordance with grant provisions.

Police Seized Asset Fund – to account for resources received from asset forfeiture pursuant to court judgment File No. 09-13-640 to be administered in compliance with Chapter 59, Texas Code of Criminal Procedure.

Juvenile Case Fund – to account for a fee added to municipal court citations. This fee is used to support the expenditures associated with juvenile case processing.

Glade Parks Public Improvement District (PID) Fund – to account for the accumulation of resources from an assessment levied upon properties within the district boundaries. The resources are utilized for the repayment of debt issued to fund public improvements within the district. The district assesses property owners only for the portion of the debt payment not covered with resources of the Glade Parks TIRZ #3.

Tax Increment Reinvestment Zone #3 – Glade Parks Fund (TIRZ #3) – to account for the accumulation of a portion of the incremental property taxes from taxing entities participating in the tax increment reinvestment zone. The resources are used for the repayment of debt issued to fund public improvements within the zone.

NON-MAJOR GOVERNMENTAL FUNDS – Continued

Midtown Public Improvement District (PID) Fund – to account for the accumulation of resources from an assessment levied upon properties within the district boundaries. The resources are utilized for the repayment of debt issued to fund public improvements within the district.

Midtown TIRZ #4 Fund – to account for the accumulation of a portion of the incremental property taxes from taxing entities participating in the tax increment reinvestment zone. The resources are used for the repayment of debt issued to fund public improvements within the zone. The TIRZ #4 fund revenues reduce the amount of revenue needed from the Midtown PID fund to pay debt service.

Cable PEG Fees Fund – to account for a 1% fee collected from cable channel providers for expansion of the city's public, educational, and governmental access channel.

CAPITAL PROJECTS FUNDS

Half-Penny Sales Tax CIP Fund – to account for bond proceeds and sales tax receipts to be expended for capital projects funded by the Euless Development Corporation, a component unit of the City of Euless.

Developers' Contribution Fund – to account for funds received for the purpose of making new and future improvements to various development areas within the City.

Street CIP Fund – to account for street construction and reconstruction projects and the means of financing such improvements.

General CIP Fund – to account for various general construction projects within the City.

Redevelopment CIP Fund – to account for land acquisition and revitalization projects designed to enhance development and promote redevelopment throughout the community.

Midtown Reserve Fund – to account for resources used to re-establish the Midtown debt reserve.

TIRZ #4 Midtown CIP Fund – to account for construction projects and the means of financing such projects within the development area generally known as Founders Parc, formerly Euless Midtown.

Car Rental CIP Fund – to account for building and infrastructure projects that are funded from short-term motor vehicle rental tax.

CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue Funds				
	Hotel/ Motel Fund	Half-Penny Sales Tax Fund	Police Drug Enforce-ment Fund	Crime Control and Prevention District Fund	Grant Fund
ASSETS					
Deposits and investments	$ 2,342,079	$ 4,652,291	$ 745,029	$ 1,727,880	$ 102,300
Accounts receivable	378,361	-	-	-	251,379
Property taxes receivable	-	-	-	-	-
Accrued interest receivable	-	33,430	-	-	-
Due from other governments	-	1,395,263	10,000	701,990	-
Lease receivable	-	1,684,765	-	-	-
Prepaids and deposits	-	-	-	-	-
Restricted deposits and investments	-	-	-	-	-
Total assets	$ 2,720,440	$ 7,765,749	$ 755,029	$ 2,429,870	$ 353,679
LIABILITIES					
Accounts payable	$ 362,410	$ 155,801	$ 249,558	$ 17,628	$ -
Contracts payable	-	-	-	-	-
Accrued salaries and wages	-	66,375	-	72,674	745
Unearned revenue	-	-	-	-	352,934
Total liabilities	362,410	222,176	249,558	90,302	353,679
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - other	-	-	-	-	-
Deferred inflows related to leases	-	1,684,765	-	-	-
Total deferred inflows of resources	-	1,684,765	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted, debt service	-	418,344	-	-	-
Restricted, capital projects	-	-	-	-	-
Restricted, developer agreements	-	-	-	-	-
Restricted, juvenile case management	-	-	-	-	-
Restricted, cable PEG fees	-	-	-	-	-
Restricted, historical preservation	843	-	-	-	-
Assigned	2,357,187	5,440,464	505,471	2,339,568	-
Total fund balances	2,358,030	5,858,808	505,471	2,339,568	-
Total liabilities, deferred inflows of resources, and fund balances	$ 2,720,440	$ 7,765,749	$ 755,029	$ 2,429,870	$ 353,679

Special Revenue Funds								
Police Seized Assets Fund	Juvenile Case Fund	Glade Parks PID Fund	TIRZ#3 Glade Parks Fund	Midtown PID Fund	TIRZ#4 Midtown Fund	Cable PEG Fees Fund	Special Revenue Funds Totals
$ 215,994	$ 220,131	$ 750,000	$ 4,511,272	$ 77,276	$ 756,358	$ 583,264	$ 16,683,874
-	-	-	72,929	-	1,935	17,000	721,604
-	-	-	36,485	-	156,248	-	192,733
-	-	-	-	-	-	-	33,430
-	-	-	-	-	-	-	2,107,253
-	-	-	-	-	-	-	1,684,765
-	-	-	-	-	-	12,219	12,219
-	-	-	-	-	-	-	-
$ 215,994	$ 220,131	$ 750,000	$ 4,620,686	$ 77,276	$ 914,541	$ 612,483	$ 21,435,878
$ -	$ 138	$ -	$ -	$ 2,126	$ -	$ 895	$ 788,556
-	-	-	-	-	-	-	-
456	573	-	-	-	-	-	140,823
-	-	-	-	-		-	352,934
456	711	-	-	2,126	-	895	1,282,313
-	-	-	-	39,223	-	-	39,223
-	-	-	-	-	-	-	1,684,765
-	-	-	-	39,223	-	-	1,723,988
-	-	-	-	-	-	12,219	12,219
-	-	750,000	-	-	-	-	1,168,344
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	219,420	-	-	-	-	-	219,420
-	-	-	-	-	-	599,369	599,369
-	-	-	-	-	-	-	843
215,538	-	-	4,620,686	35,927	914,541	-	16,429,382
215,538	219,420	750,000	4,620,686	35,927	914,541	611,588	18,429,577
$ 215,994	$ 220,131	$ 750,000	$ 4,620,686	$ 77,276	$ 914,541	$ 612,483	$ 21,435,878

CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
SEPTEMBER 30, 2023

	Capital Project Funds				
	Half-Penny Sales Tax CIP Fund	Developers' Contribution Fund	Street CIP Fund	General CIP Fund	Redevelopment CIP Fund
ASSETS					
Deposits and investments	$ 3,483,550	$ 2,414,234	$ 699,370	$ 5,132,755	$ 1,125,914
Accounts receivable	-	-	6,325	7,089	-
Property taxes receivable	-	-	-	-	-
Accrued interest receivable	19,445	-	736	21,667	-
Due from other governments	-	-	-	-	-
Lease receivable	-	-	-	-	-
Prepaids and deposits	-	-	-	-	-
Restricted deposits and investments	-	-	6,165,036	7,912,322	-
Total assets	$ 3,502,995	$ 2,414,234	$ 6,871,467	$ 13,073,833	$ 1,125,914
LIABILITIES					
Accounts payable	$ 63,021	$ 108,023	$ 12,650	$ -	$ 9,270
Contracts payable	-	-	-	436,426	-
Accrued salaries and wages	-	-	-		-
Unearned revenue	-	-	-		-
Total liabilities	63,021	108,023	12,650	436,426	9,270
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - other	-	-	-	-	-
Deferred inflows related to leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted, debt service	-	-	-	-	-
Restricted, capital projects	-	-	6,165,036	7,475,896	-
Restricted, developer agreements	-	2,306,211	-	-	-
Restricted, juvenile case management	-	-	-	-	-
Restricted, cable PEG fees	-	-	-	-	-
Restricted, historical preservation	-	-	-	-	-
Assigned	3,439,974	-	693,781	5,161,511	1,116,644
Total fund balances	3,439,974	2,306,211	6,858,817	12,637,407	1,116,644
Total liabilities, deferred inflows of resources, and fund balances	$ 3,502,995	$ 2,414,234	$ 6,871,467	$ 13,073,833	$ 1,125,914

Capital Project Funds					
Midtown Reserve Fund	TIRZ #4 Midtown CIP Fund	Car Rental CIP Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
$ 999,725	$ -	$ 1,368,058	$ 15,223,606	$ 31,907,480
-	-	-	13,414	735,018
-	-	-	-	192,733
-	-	-	41,848	75,278
-	-	-	-	2,107,253
-	-	-	-	1,684,765
-	-	-	-	12,219
	69,475	-	14,146,833	14,146,833
$ 999,725	$ 69,475	$ 1,368,058	$ 29,425,701	$ 50,861,579
$ -	$ -	$ 155,026	$ 347,990	$ 1,136,546
-	-	-	436,426	436,426
-	-	-	-	140,823
-	-	-	-	352,934
-	-	155,026	784,416	2,066,729
-	-	-	-	39,223
-	-	-	-	1,684,765
-	-	-	-	1,723,988
-	-	-	-	12,219
999,725	-	-	999,725	2,168,069
-	69,475	-	13,710,407	13,710,407
-	-	-	2,306,211	2,306,211
-	-	-	-	219,420
-	-	-	-	599,369
-	-	-	-	843
-	-	1,213,032	11,624,942	28,054,324
999,725	69,475	1,213,032	28,641,285	47,070,862
$ 999,725	$ 69,475	$ 1,368,058	$ 29,425,701	$ 50,861,579

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds				
	Hotel/ Motel Fund	Half-Penny Sales Tax Fund	Police Drug Enforce-ment Fund	Crime Control and Prevention District Fund	Grant Fund
Revenues					
General property tax	$ -	$ -	$ -	$ -	$ -
Gross receipts tax	1,829,672	-	-	-	-
General sales tax	-	7,448,650	-	3,707,530	-
Investment income	93,038	152,704	21,023	64,455	-
DEA revenues	-	-	35,377	-	-
Intergovernmental	-	-	-	-	335,583
Rents and royalties	-	84,332	-	-	-
Other revenues	-	-	-	10,925	-
Total revenues	1,922,710	7,685,686	56,400	3,782,910	335,583
Expenditures					
Culture and recreation	-	3,383,258	-	-	-
Development services	-	225,461	-	-	-
General and administrative	806,474	1,466,054	-	-	-
Highways and streets	-	-	-	-	-
Public safety	-	-	42,126	3,000,787	199,417
Debt service					
Principal	-	229,856	-	-	-
Interest and fiscal charges	-	173,975	-	-	-
Capital outlay	-	57,362	20,137	13,980	161,285
Total expenditures	806,474	5,535,966	62,263	3,014,767	360,702
Excess (deficiency) of revenues over (under) expenditures	1,116,236	2,149,720	(5,863)	768,143	(25,119)
Other financing sources (uses)					
Issuance of subscription debt	-	14,233	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Transfers in	-	-	5,000	-	24,842
Transfers out	(914,568)	(4,023,324)	-	(965,000)	-
Total other financing sources (uses), net	(914,568)	(4,009,091)	5,000	(965,000)	24,842
Net change in fund balances	201,668	(1,859,371)	(863)	(196,857)	(277)
Fund balance, beginning of year	2,156,362	7,718,179	506,334	2,536,425	277
Fund balance, end of year	$ 2,358,030	$ 5,858,808	$ 505,471	$ 2,339,568	$ -

Special Revenue Funds							
Police Seized Asset Fund	Juvenile Case Fund	Glade Parks PID Fund	TIRZ#3 Glade Parks Fund	Midtown PID Fund	TIRZ#4 Midtown Fund	Cable PEG Fees Fund	Special Revenue Funds Totals
$ -	$ -	$ -	$ 1,664,748	$ -	$ 877,004	$ -	$ 2,541,752
-	-	-	-	-	-	72,047	1,901,719
-	-	-	448,863	-	12,981	-	11,618,024
9,524	8,641	-	186,532	5,625	-	28,287	569,829
-	-	-	-	-	-	-	35,377
-	-	-	-	-	-	-	335,583
-	-	-	-	-	-	-	84,332
-	43,667	-	-	287,767	-	-	342,359
9,524	52,308	-	2,300,143	293,392	889,985	100,334	17,428,975
-	-	-	-	-	-	-	3,383,258
-	-	-	-	-	-	-	225,461
-	22,044	-	-	12,485	-	48,564	2,355,621
-	-	-	-	-	-	-	-
17,046	-	-	-	-	-	-	3,259,376
-	-	-	-	-	-	-	229,856
-	-	-	-	-	-	-	173,975
-	-	-	-	-	-	85,168	337,932
17,046	22,044	-	-	12,485	-	133,732	9,965,479
(7,522)	30,264	-	2,300,143	280,907	889,985	(33,398)	7,463,496
-	-	-	-	-	-	-	14,233
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	29,842
-	-	-	(1,138,418)	(306,214)	(764,199)	-	(8,111,723)
-	-	-	(1,138,418)	(306,214)	(764,199)	-	(8,067,648)
(7,522)	30,264	-	1,161,725	(25,307)	125,786	(33,398)	(604,152)
223,060	189,156	750,000	3,458,961	61,234	788,755	644,986	19,033,729
$ 215,538	$ 219,420	$ 750,000	$ 4,620,686	$ 35,927	$ 914,541	$ 611,588	$ 18,429,577

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2023

	Capital Project Funds				
	Half-Penny Sales Tax CIP Fund	Developers' Contribution Fund	Street CIP Fund	General CIP Fund	Redevelopment CIP Fund
Revenues					
General property tax	$ -	$ -	$ -	$ -	$ -
Gross receipts tax	-	-	-	-	-
General sales tax	-	-	-	-	-
Investment income	167,950	87,218	319,750	574,089	73,689
DEA revenues	-	-	-	-	-
Intergovernmental	-	-	195,450	-	-
Rents and royalties	-	-	-	46,764	-
Other revenues	-	1,488	-	-	-
Total revenues	167,950	88,706	515,200	620,853	73,689
Expenditures					
Culture and recreation	112,033	466	-	-	-
Development services	-	-	-	-	-
General and administrative	-	-	-	-	171,890
Highways and streets	-	-	393,873	-	-
Public safety	-	-	-	-	-
Debt service				-	
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	1,707,863	-	1,497,671	1,666,961	817,335
Total expenditures	1,819,896	466	1,891,544	1,666,961	989,225
Excess (deficiency) of revenues over (under) expenditures	(1,651,946)	88,240	(1,376,344)	(1,046,108)	(915,536)
Other financing sources (uses)					
Issuance of subscription debt	-	-	-		-
Proceeds from sale of assets	-	-	-	-	59,295
Transfers in	3,881,920	-	1,335,275	2,188,474	1,000,000
Transfers out	-	(12,288)	-	-	-
Total other financing sources (uses), net	3,881,920	(12,288)	1,335,275	2,188,474	1,059,295
Net change in fund balances	2,229,974	75,952	(41,069)	1,142,366	143,759
Fund balance, beginning of year	1,210,000	2,230,259	6,899,886	11,495,041	972,885
Fund balance, end of year	$ 3,439,974	$ 2,306,211	$ 6,858,817	$ 12,637,407	$ 1,116,644

Capital Project Funds				
Midtown Reserve Fund	TIRZ #4 Midtown CIP Fund	Car Rental CIP Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ 2,541,752
-	-	-	-	1,901,719
-	-	-	-	11,618,024
-	-	35,176	1,257,872	1,827,701
-	-	-	-	35,377
-	-	-	195,450	531,033
-	-	-	46,764	131,096
-	-	-	1,488	343,847
-	-	35,176	1,501,574	18,930,549
-	-	-	112,499	3,495,757
-	-	-	-	225,461
-	-	13,970	185,860	2,541,481
-	-	-	393,873	393,873
-	-	-	-	3,259,376
-	-	-	-	229,856
-	-	-	-	173,975
-	-	516,647	6,206,477	6,544,409
-	-	530,617	6,898,709	16,864,188
-	-	(495,441)	(5,397,135)	2,066,361
-	-	-	-	14,233
-	-	-	59,295	59,295
-	-	-	8,405,669	8,435,511
-	-	-	(12,288)	(8,124,011)
-	-	-	8,452,676	385,028
-	-	(495,441)	3,055,541	2,451,389
999,725	69,475	1,708,473	25,585,744	44,619,473
$ 999,725	$ 69,475	$ 1,213,032	$ 28,641,285	$ 47,070,862

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
HOTEL / MOTEL SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Gross receipts tax	$ 1,511,272	$ 1,511,272	$ 1,829,672	$ 318,400
Investment income	3,307	3,307	93,038	89,731
Total revenues	1,514,579	1,514,579	1,922,710	408,131
Expenditures				
General and administrative	815,984	815,984	806,474	9,510
Total expenditures	815,984	815,984	806,474	9,510
Excess of revenues over expenditures	698,595	698,595	1,116,236	417,641
Other financing uses				
Transfers out	(919,428)	(919,428)	(914,568)	4,860
Total other financing uses	(919,428)	(919,428)	(914,568)	4,860
Net change in fund balance	(220,833)	(220,833)	201,668	422,501
Fund balance, beginning of year	2,156,362	2,156,362	2,156,362	-
Fund balance, end of year	$ 1,935,529	$ 1,935,529	$ 2,358,030	$ 422,501

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
HALF-PENNY SALES TAX SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
General sales tax	$ 6,882,101	$ 6,882,101	$ 7,448,650	$ 566,549
Investment income	12,928	12,928	152,704	139,776
Rents and royalties	113,845	113,845	84,332	(29,513)
Total revenues	7,008,874	7,008,874	7,685,686	676,812
Expenditures				
Culture and recreation	4,039,731	4,039,731	3,440,620	599,111
Development services	955,654	955,654	225,461	730,193
General and administrative	1,548,979	1,548,979	1,466,054	82,925
Debt service				
Principal	225,000	225,000	229,856	(4,856)
Interest and fiscal charges	173,976	173,976	173,975	1
Total expenditures	6,943,340	6,943,340	5,535,966	1,407,374
Excess of revenues over expenditures	65,534	65,534	2,149,720	2,084,186
Other financing sources (uses)				
Issuance of subscription debt	-	-	14,233	14,233
Transfers out	(4,092,940)	(4,092,940)	(4,023,324)	69,616
Total other financing sources (uses), net	(4,092,940)	(4,092,940)	(4,009,091)	83,849
Net change in fund balance	(4,027,406)	(4,027,406)	(1,859,371)	2,168,035
Fund balance, beginning of year	7,718,179	7,718,179	7,718,179	-
Fund balance, end of year	$ 3,690,773	$ 3,690,773	$ 5,858,808	$ 2,168,035

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	$ 1,336	$ 1,336	$ 21,023	$ 19,687
DEA revenues	30,000	30,000	35,377	5,377
Total revenues	31,336	31,336	56,400	25,064
Expenditures				
Public safety	220,000	220,000	62,263	157,737
Total expenditures	220,000	220,000	62,263	157,737
Excess (deficiency) of revenues over (under) expenditures	(188,664)	(188,664)	(5,863)	182,801
Other financing sources				
Transfers in	5,000	5,000	5,000	-
Total other financing sources	5,000	5,000	5,000	-
Net change in fund balance	(183,664)	(183,664)	(863)	182,801
Fund balance, beginning of year	506,334	506,334	506,334	-
Fund balance, end of year	$ 322,670	$ 322,670	$ 505,471	$ 182,801

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CRIME CONTROL AND PREVENTION DISTRICT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
General sales tax	$ 3,458,813	$ 3,458,813	$ 3,707,530	$ 248,717
Other revenue	10,925	10,925	10,925	-
Investment income	2,178	2,178	64,455	62,277
Total revenues	3,471,916	3,471,916	3,782,910	310,994
Expenditures				
Public safety	3,274,018	3,274,018	3,014,767	259,251
Total expenditures	3,274,018	3,274,018	3,014,767	259,251
Excess of revenues over expenditures	197,898	197,898	768,143	570,245
Other financing uses				
Transfers out	(965,000)	(965,000)	(965,000)	-
Total other financing uses	(965,000)	(965,000)	(965,000)	-
Net change in fund balance	(767,102)	(767,102)	(196,857)	570,245
Fund balance, beginning of year	2,536,425	2,536,425	2,536,425	-
Fund balance, end of year	$ 1,769,323	$ 1,769,323	$ 2,339,568	$ 570,245

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GRANT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	$ 40,988	$ 283,003	$ 335,583	$ 52,580
Total revenues	40,988	283,003	335,583	52,580
Expenditures				
Public safety	52,918	352,747	360,702	(7,955)
Total expenditures	52,918	352,747	360,702	(7,955)
Excess (deficiency) of revenues over (under) expenditures	(11,930)	(69,744)	(25,119)	44,625
Other financing sources (uses)				
Transfers in	11,930	23,493	24,842	1,349
Transfers out	(635,925)	(635,925)	-	635,925
Total other financing sources (uses), net	(623,995)	(612,432)	24,842	637,274
Net change in fund balance	(635,925)	(682,176)	(277)	681,899
Fund balance, beginning of year	277	277	277	-
Fund balance, end of year	($ 635,648)	($ 681,899)	$ -	$ 681,899

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
POLICE SEIZED ASSET SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	$ 435	$ 435	$ 9,524	$ 9,089
Total revenues	435	435	9,524	9,089
Expenditures				
Public safety	49,471	49,471	17,046	32,425
Total expenditures	49,471	49,471	17,046	32,425
Net change in fund balance	(49,036)	(49,036)	(7,522)	41,514
Fund balance, beginning of year	223,060	223,060	223,060	-
Fund balance, end of year	$ 174,024	$ 174,024	$ 215,538	$ 41,514

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
JUVENILE CASE SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	$ 503	$ 503	$ 8,641	$ 8,138
Other revenues	45,528	45,528	43,667	(1,861)
Total revenues	46,031	46,031	52,308	6,277
Expenditures				
General and administrative	42,055	42,055	22,044	20,011
Total expenditures	42,055	42,055	22,044	20,011
Net change in fund balance	3,976	3,976	30,264	26,288
Fund balance, beginning of year	189,156	189,156	189,156	-
Fund balance, end of year	$ 193,132	$ 193,132	$ 219,420	$ 26,288

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TIRZ #3 GLADE PARKS SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
General property tax	$ 1,696,504	$ 1,696,504	$ 1,664,748	$ (31,756)
General sales tax	433,321	433,321	448,863	15,542
Investment income	5,151	5,151	186,532	181,381
Total revenues	2,134,976	2,134,976	2,300,143	165,167
Other financing uses				
Transfers out	(1,138,418)	(1,138,418)	(1,138,418)	-
Total other financing uses	(1,138,418)	(1,138,418)	(1,138,418)	-
Net change in fund balance	996,558	996,558	1,161,725	165,167
Fund balance, beginning of year	3,458,961	3,458,961	3,458,961	-
Fund balance, end of year	$ 4,455,519	$ 4,455,519	$ 4,620,686	$ 165,167

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
MIDTOWN PID SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other revenues	$ 337,464	$ 337,464	$ 287,767	$ (49,697)
Investment income	641	641	5,625	4,984
Total revenues	338,105	338,105	293,392	(44,713)
Expenditures				
General and administrative	31,250	31,250	12,485	18,765
Total expenditures	31,250	31,250	12,485	18,765
Excess of revenues over expenditures	306,855	306,855	280,907	(25,948)
Other financing uses				
Transfers out	(306,214)	(306,214)	(306,214)	-
Total other financing uses	(306,214)	(306,214)	(306,214)	-
Net change in fund balance	641	641	(25,307)	(25,948)
Fund balance, beginning of year	61,234	61,234	61,234	-
Fund balance, end of year	$ 61,875	$ 61,875	$ 35,927	$ (25,948)

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TIRZ #4 MIDTOWN SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property tax revenues	$ 914,239	$ 914,239	$ 877,004	$ (37,235)
General sales tax	18,809	18,809	12,981	(5,828)
Total revenues	933,048	933,048	889,985	(43,063)
Other financing uses				
Transfers out	(764,199)	(764,199)	(764,199)	-
Total other financing uses	(764,199)	(764,199)	(764,199)	-
Net change in fund balance	168,849	168,849	125,786	(43,063)
Fund balance, beginning of year	788,755	788,755	788,755	-
Fund balance, end of year	$ 957,604	$ 957,604	$ 914,541	$ (43,063)

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CABLE PEG FEES SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Gross receipts tax	$ 85,000	$ 85,000	$ 72,047	$ (12,953)
Investment income	1,029	1,029	28,287	27,258
Total revenues	86,029	86,029	100,334	14,305
Expenditures				
General and administrative	35,600	35,600	48,564	(12,964)
Capital outlay	164,400	164,400	85,168	79,232
Total expenditures	200,000	200,000	133,732	66,268
Net change in fund balance	(113,971)	(113,971)	(33,398)	80,573
Fund balance, beginning of year	644,986	644,986	644,986	-
Fund balance, end of year	$ 531,015	$ 531,015	$ 611,588	$ 80,573

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

Equipment Replacement Fund – to account for the accumulation of funds to be used for replacement of existing equipment. Funding is provided annually by the user departments.

Insurance Fund – to account for the revenues and expenses resulting from providing health insurance to the City's employees.

Risk Management/Workers' Compensation (Risk/WC) Fund – to account for the revenue and expenses applicable to providing workers' compensation coverage for all City employees, as well as, general liability and property coverage.

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2023

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
ASSETS				
Current Assets				
Deposits and investments	$ 22,344,556	$ 4,664,256	$ 2,891,339	$ 29,900,151
Accounts receivable	-	1,602,546	58,885	1,661,431
Prepaid expenses	1,058,255	-	-	1,058,255
Accrued interest receivable	190,672	53,401	9,125	253,198
Restricted deposits and investments	311,136	-	-	311,136
Total current assets	23,904,619	6,320,203	2,959,349	33,184,171
Non-current Assets				
Property, plant, and equipment, at cost				
Equipment	18,630,016	-	113,813	18,743,829
Less accumulated depreciation	11,667,449	-	59,911	11,727,360
Net property, plant, and equipment	6,962,567	-	53,902	7,016,469
Total assets	30,867,186	6,320,203	3,013,251	40,200,640
LIABILITIES				
Current Liabilities				
Accounts payable	5,032	59,152	277,286	341,470
Accrued salary and wages	-	3,264	5,539	8,803
Current portion of compensated absences	-	145	222	367
Accrued insurance claims	-	986,000	-	986,000
Total current liabilities	5,032	1,048,561	283,047	1,336,640
Non-current Liabilities				
Compensated absences	-	1,306	1,997	3,303
Total non-current liabilities	-	1,306	1,997	3,303
Total liabilities	5,032	1,049,867	285,044	1,339,943
NET POSITION				
Net investment in capital assets	6,962,567	-	53,902	7,016,469
Unrestricted	23,899,587	5,270,336	2,674,305	31,844,228
Total net position	$ 30,862,154	$ 5,270,336	$ 2,728,207	$ 38,860,697

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
Operating revenues				
Insurance premiums	$ -	$ 6,812,237	$ 516,781	$ 7,329,018
Service fees and miscellaneous	8,414,493	1,191,270	-	9,605,763
Total operating revenues	8,414,493	8,003,507	516,781	16,934,781
Operating expenses				
General and administrative	453,677	2,107,173	107,347	2,668,197
Insurance costs	-	6,733,757	975,024	7,708,781
Depreciation	1,757,321	-	15,629	1,772,950
Total operating expenses	2,210,998	8,840,930	1,098,000	12,149,928
Operating income (loss)	6,203,495	(837,423)	(581,219)	4,784,853
Nonoperating revenues				
Gain (loss) on sale of capital assets	62,020	-	(1,665)	60,355
Investment income	720,510	190,654	94,711	1,005,875
Total nonoperating revenues	782,530	190,654	93,046	1,066,230
Income (loss) before transfers	6,986,025	(646,769)	(488,173)	5,851,083
Transfers				
Transfers in	772,481	-	900,000	1,672,481
Total transfers	772,481	-	900,000	1,672,481
Change in net position	7,758,506	(646,769)	411,827	7,523,564
Net position, beginning of year	23,103,648	5,917,105	2,316,380	31,337,133
Net position, end of year	$ 30,862,154	$ 5,270,336	$ 2,728,207	$ 38,860,697

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
OPERATING ACTIVITIES				
Cash received from customers	$ 8,414,493	$ 6,804,909	$ 516,781	$ 15,736,183
Cash payments to suppliers for goods and services	(597,538)	(8,152,855)	(1,074,472)	(9,824,865)
Cash payments to employees for services	-	(86,134)	(77,207)	(163,341)
Net cash provided by (used in) operating activities	7,816,955	(1,434,080)	(634,898)	5,747,977
NONCAPITAL FINANCING ACTIVITIES				
Transfers in	772,481	-	900,000	1,672,481
Net cash provided by noncapital financing activities	772,481	-	900,000	1,672,481
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition/construction of capital assets	(2,725,194)	-	-	(2,725,194)
Proceeds from sale of capital assets	99,904	-	-	99,904
Net cash used in capital and related financing activities	(2,625,290)	-	-	(2,625,290)
INVESTING ACTIVITIES				
Interest received on investments	576,389	141,790	85,586	803,765
Net cash provided by investing activities	576,389	141,790	85,586	803,765
Net change in cash and cash equivalents	6,540,535	(1,292,290)	350,688	5,598,933
Cash and cash equivalents, beginning of year	16,115,157	5,956,546	2,540,651	24,612,354
Cash and cash equivalents, end of year	$ 22,655,692	$ 4,664,256	$ 2,891,339	$ 30,211,287
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 6,203,495	$ (837,423)	$ (581,219)	$ 4,784,853
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,757,321	-	15,629	1,772,950
Changes in assets and liabilities				
Receivables	-	(1,198,598)	-	(1,198,598)
Prepaids	(99,511)	-	-	(99,511)
Accounts payable	(44,350)	35,352	(69,152)	(78,150)
Accrued salaries and wages	-	540	(156)	384
Accrued insurance claims	-	566,049	-	566,049
Net cash provided by (used in) operating activities	$ 7,816,955	$ (1,434,080)	$ (634,898)	$ 5,747,977
Reconciliation of cash to balance sheet:				
Cash - current	$ 22,344,556	$ 4,664,256	$ 2,891,339	$ 29,900,151
Cash - restricted	311,136	-	-	311,136
Cash and cash equivalents	$ 22,655,692	$ 4,664,256	$ 2,891,339	$ 30,211,287

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION
(Unaudited)

The statistical section of the City of Euless' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Tables
Financial Trends The financial trend schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity The revenue capacity schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity The debt capacity schedules present information to help the reader assess the affordability of the City's current level of outstanding debt (including that of its blended component units) and the City's ability to issue additional debt in the future.	9-12
Demographic and Economic Information The demographic and economic schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities occur.	13-14
Operating Information The operating information schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.	15-17

CITY OF EULESS, TEXAS
NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited)

Table 1

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	$ 94,162,906	$ 99,539,958	$ 108,135,655	$ 113,509,089	$ 112,710,338	$ 99,744,023	$ 104,018,729	$ 130,459,839	$ 123,862,163	$ 130,728,192
Restricted	4,999,085	5,666,450	17,508,943	10,293,057	13,620,993	26,158,342	30,103,225	7,441,090	7,579,559	8,185,722
Unrestricted	23,921,387	17,302,574	3,610,521	12,466,943	10,698,663	18,071,669	25,147,659	37,117,415	60,034,944	70,572,250
Total governmental activities net position	$ 123,083,378	$ 122,508,982	$ 129,255,119	$ 136,269,089	$ 137,029,994	$ 143,974,034	$ 159,269,613	$ 175,018,344	$ 191,476,666	$ 209,486,164
Business-type activities										
Net investment in capital assets	$ 55,160,900	$ 55,396,268	$ 59,184,256	$ 62,421,284	$ 63,283,054	$ 65,621,697	$ 66,554,698	$ 64,950,870	$ 73,306,877	$ 72,764,199
Restricted for debt service	317,758	733,562	733,164	733,264	1,018,037	1,426,830	1,425,701	1,426,103	1,348,929	1,348,271
Restricted for capital projects	232,300	1,183,350	4,265,268	1,166,442	3,962,644	10,646,450	4,256,167	-	-	-
Restricted for impact fees	1,876,393	1,966,315	1,980,150	2,467,095	2,895,677	3,047,942	3,010,687	3,247,897	3,234,445	3,310,647
Unrestricted	15,047,592	12,554,695	11,122,601	14,528,797	12,286,319	7,130,279	14,728,131	23,441,214	26,895,689	29,510,603
Total business-type activities net position	$ 72,634,943	$ 71,834,190	$ 77,285,439	$ 81,316,882	$ 83,445,731	$ 87,873,198	$ 89,975,384	$ 93,066,084	$ 104,785,940	$ 106,933,720
Primary government										
Net investment in capital assets	$ 149,323,806	$ 154,936,226	$ 167,319,911	$ 175,930,373	$ 175,993,392	$ 165,365,720	$ 170,573,427	$ 195,410,709	$ 197,169,040	$ 203,492,391
Restricted	7,425,536	9,549,677	24,487,525	14,659,858	21,497,351	41,279,564	38,795,780	12,115,090	12,162,933	12,844,640
Unrestricted	38,968,979	29,857,269	14,733,122	26,995,740	22,984,982	25,201,948	39,875,790	60,558,629	86,930,633	100,082,853
Total primary government net position	$ 195,718,321	$ 194,343,172	$ 206,540,558	$ 217,585,971	$ 220,475,725	$ 231,847,232	$ 249,244,997	$ 268,084,428	$ 296,262,606	$ 316,419,884

Source: Annual Comprehensive Financial Reports

CITY OF EULESS, TEXAS
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited)

Table 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Culture and recreation	$ 6,424,683	$ 6,468,332	$ 6,998,904	$ 7,349,035	$ 7,070,484	$ 7,330,168	$ 5,538,905	$ 6,890,021	$ 7,714,207	$ 8,016,590
Development services	1,367,005	877,713	918,214	999,153	1,038,328	1,057,414	1,062,784	903,633	934,100	1,304,416
General and administrative	18,017,535	19,949,733	20,722,236	20,816,148	21,356,342	21,112,696	20,827,914	20,604,298	24,293,764	31,849,368
Highways and streets	3,578,341	3,374,422	3,708,184	4,143,412	3,787,336	7,193,189	3,601,998	3,905,567	4,015,628	4,591,037
Public safety	24,278,144	23,807,143	26,673,966	28,265,072	27,424,253	30,352,705	27,354,689	27,489,405	27,379,929	33,625,098
Interest on long-term debt	1,126,017	1,136,786	1,807,001	1,502,912	1,632,302	2,010,814	2,560,933	2,507,261	2,417,173	2,414,153
Total governmental activities expenses	54,791,725	55,614,129	60,828,505	63,075,732	62,309,045	69,056,986	60,947,223	62,300,185	66,754,801	81,800,662
Business-type activities:										
Water and wastewater	20,298,024	19,970,346	21,009,701	21,673,844	23,225,786	23,493,321	25,333,182	24,823,460	26,754,590	29,142,646
Drainage utility	1,373,036	1,319,999	1,414,483	1,396,736	1,515,183	1,563,021	1,502,275	1,571,836	1,517,199	1,746,667
Golf	4,152,015	4,155,834	4,409,773	4,632,475	4,764,095	4,731,810	3,997,255	4,201,337	4,703,615	5,330,321
Other recreation enterprises	2,288,337	2,009,582	2,211,065	2,321,414	2,416,337	2,270,768	1,491,533	1,568,441	2,024,308	2,025,933
Total business-type activities expenses	28,111,412	27,455,761	29,045,022	30,024,469	31,921,401	32,058,920	32,324,245	32,165,074	34,999,712	38,245,567
Total primary government expenses	82,903,137	83,069,890	89,873,527	93,100,201	94,230,446	101,115,906	93,271,468	94,465,259	101,754,513	120,046,229
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services										
Culture and recreation	304,283	317,024	291,349	264,307	252,000	266,091	10,124	$ 295,097	$ 319,544	$ 293,667
Development services	1,321,040	1,409,703	1,717,416	2,019,496	1,875,120	2,133,420	1,697,637	1,578,146	1,149,319	1,144,743
General and administrative	1,347,600	1,342,091	1,285,797	1,156,745	1,066,075	861,929	1,067,485	687,136	787,552	62,769
Highways and streets	218,012	93,258	350,920	607,588	988,302	1,114,507	1,075,865	982,070	717,124	287,767
Public safety	3,567,917	3,452,086	3,383,743	3,151,407	3,104,895	2,541,205	2,288,377	2,325,458	3,200,585	5,015,159
Operating grants and contributions	633,080	597,437	578,007	592,870	740,969	622,061	3,594,939	810,821	1,054,703	1,163,344
Capital grants and contributions	1,552,118	3,228,945	3,375,733	2,356,556	2,354,450	1,304,420	2,190,770	396,317	550,799	530,101
Total governmental activities program revenues	8,944,050	10,440,544	10,982,965	10,148,969	10,381,811	8,843,633	11,925,197	7,075,045	7,779,626	8,497,550
Business-type activities:										
Charges for services										
Water and wastewater	19,353,144	20,593,262	23,759,236	24,178,812	27,504,814	26,400,731	26,934,154	28,571,921	29,412,986	30,852,319
Drainage utility	712,971	716,595	725,152	730,202	818,622	826,711	833,890	842,003	1,193,159	958,637
Golf	3,622,952	4,168,578	4,187,728	4,247,345	4,337,003	4,067,026	3,363,915	4,350,610	5,131,494	5,159,600
Other recreation enterprises	2,241,920	1,848,434	2,059,413	2,168,944	2,123,825	2,197,926	884,286	1,433,139	1,905,434	2,001,970
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	2,037,263	1,746,638	2,943,188	2,280,769	1,729,219	3,058,291	2,677,913	1,002,393	1,254,532	1,018,715
Total business-type activities program revenues	27,968,250	29,073,507	33,674,717	33,606,072	36,513,483	36,550,685	34,694,158	36,200,066	38,897,605	39,991,241
Total primary government program revenues	36,912,300	39,514,051	44,657,682	43,755,041	46,895,294	45,394,318	46,619,355	43,275,111	46,677,231	48,488,791
	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)

CITY OF EULESS, TEXAS
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited) – Continued

Table 2

Net (Expense) Revenue										
Governmental activities	$ (45,847,675)	$ (45,173,585)	$ (49,845,540)	$ (52,926,763)	$ (51,927,234)	$ (60,213,353)	$ (49,022,026)	$ (55,225,140)	$ (58,975,175)	$ (73,303,112)
Business-type activities	(143,162)	1,617,746	4,629,695	3,581,603	4,592,082	4,491,765	2,369,913	4,034,992	3,897,893	1,745,674
Total primary government net expense	(45,990,837)	(43,555,839)	(45,215,845)	(49,345,160)	(47,335,152)	(55,721,588)	(46,652,113)	(51,190,148)	(55,077,282)	(71,557,438)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	13,488,816	14,358,074	14,752,044	16,656,028	18,630,301	20,428,821	22,837,075	24,195,500	24,974,349	27,569,306
Sales taxes	17,525,123	18,359,717	20,364,878	21,252,491	20,728,210	21,419,831	22,088,364	24,373,082	28,693,421	29,778,805
Car rental taxes	14,082,518	14,112,552	14,842,109	14,401,763	14,776,566	14,797,320	10,042,659	13,062,591	18,372,898	18,709,978
Mixed beverage taxes	69,160	84,533	101,503	128,250	154,035	138,219	146,188	171,687	201,348	215,340
Hotel/motel occupancy taxes	343,312	391,991	696,805	798,905	864,829	841,588	924,551	1,182,845	1,736,088	1,829,672
Gross receipts taxes	4,458,682	4,556,355	4,467,535	4,455,137	4,811,119	4,549,026	4,238,664	4,221,250	4,478,146	4,633,488
Investment income	70,374	127,367	271,786	451,406	963,670	1,882,696	1,054,661	123,646	804,074	5,180,191
Rents and royalties	1,390,283	1,166,832	1,105,829	1,149,534	1,223,788	1,348,465	1,462,429	1,574,739	1,567,269	1,345,885
Gain on sale of assets	84,664	-	-	124,792	-	-	-	-	-	-
Miscellaneous	48,773	35,128	692,939	755,996	772,773	930,764	971,040	1,081,893	1,304,396	1,354,694
Transfers	531,974	722,702	(703,751)	(233,569)	760,590	820,663	551,974	986,638	(6,698,492)	695,251
Total governmental activities	52,093,679	53,915,251	56,591,677	59,940,733	63,685,881	67,157,393	64,317,605	70,973,871	75,433,497	91,312,610
Business-type activities:										
Investment income	34,063	40,282	104,618	158,805	385,513	746,865	368,999	42,346	174,403	1,097,357
Gain on disposal of assets	-	4,199	13,185	57,466	2,873	9,500	(84,752)	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	949,068	-
Transfers	(531,974)	(722,702)	703,751	233,569	(760,590)	(820,663)	(551,974)	(986,638)	6,698,492	(695,251)
Total business-type activities	(497,911)	(678,221)	821,554	449,840	(372,204)	(64,298)	(267,727)	(944,292)	7,821,963	402,106
Total primary government	51,595,768	53,237,030	57,413,231	60,390,573	63,313,677	67,093,095	64,049,878	70,029,579	83,255,460	91,714,716
Change in Net Position										
Governmental activities	6,246,004	8,741,666	6,746,137	7,013,970	11,758,647	6,944,040	15,295,579	15,748,731	16,458,322	18,009,498
Business-type activities	(641,073)	939,525	5,451,249	4,031,443	4,219,878	4,427,467	2,102,186	3,090,700	11,719,856	2,147,780
Total primary government	$ 5,604,931	$ 9,681,191	$ 12,197,386	$ 11,045,413	$ 15,978,525	$ 11,371,507	$ 17,397,765	$ 18,839,431	$ 28,178,178	$ 20,157,278
	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF EULESS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting – Unaudited)

Table 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	$ 48,072	$ 47,834	$ 35,250	$ 52,050	$ 51,409	$ 74,835	$ 158,975	$ 223,609	$ 113,090	$ 257,194
Restricted	120,093	109,618	121,041	104,340	125,753	132,954	123,748	117,674	108,919	111,942
Assigned	121,334	116,336	113,655	107,657	121,708	135,720	145,057	164,801	187,649	203,295
Unreserved/Unassigned	10,560,958	10,775,542	11,973,524	13,185,421	14,255,823	16,630,106	19,790,726	20,240,670	24,896,247	23,803,270
Total general fund	$ 10,850,457	$ 11,049,330	$ 12,243,470	$ 13,449,468	$ 14,554,693	$ 16,973,615	$ 20,218,506	$ 20,746,754	$ 25,305,905	$ 24,375,701
All Other Governmental Funds										
Nonspendable	$ 34,704	$ 15,399	$ 7,738	$ 22,028	$ 12,427	$ -	$ 24,873	$ 1,086	$ 15,655	$ 12,219
Restricted for:										
Debt service	2,377,710	2,477,981	1,995,548	2,285,719	2,765,013	3,429,240	3,828,633	4,316,041	4,405,396	4,884,252
Capital projects	398,756	594,211	12,715,424	4,985,922	7,501,009	19,287,010	22,369,460	18,996,535	15,184,734	36,154,995
Other	2,089,735	2,455,941	2,718,045	2,952,158	3,229,218	3,309,138	3,081,384	3,007,375	3,065,244	3,125,843
Assigned	12,692,185	13,765,385	12,541,184	14,730,171	21,356,289	19,461,628	17,221,925	22,761,358	32,889,510	41,397,028
Total all other governmental funds	$ 17,593,090	$ 19,308,917	$ 29,977,939	$ 24,975,998	$ 34,863,956	$ 45,487,016	$ 46,526,275	$ 49,082,395	$ 55,560,539	$ 85,574,337

Source: Annual Comprehensive Financial Reports

CITY OF EULESS, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting – Unaudited)

Table 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
General property tax	$ 13,468,394	$ 14,351,598	$ 14,771,632	$ 16,674,673	$ 18,652,639	$ 20,408,581	$ 22,736,528	$ 24,144,693	$ 25,236,242	$ 27,594,201
Gross receipts tax	4,871,154	5,032,879	5,265,843	5,382,292	5,829,983	5,528,832	5,309,401	5,575,782	6,415,583	6,678,500
General sales tax	17,525,123	18,359,717	20,364,878	21,252,491	20,728,209	21,419,831	22,088,364	24,373,083	28,693,421	29,778,805
Car rental tax	14,082,518	14,112,552	14,842,109	14,401,763	14,776,566	14,797,320	10,042,659	13,062,591	18,372,898	18,709,978
Fines and fees	4,646,390	4,289,681	4,461,439	3,961,369	3,806,964	3,313,059	2,835,050	2,702,221	3,652,725	3,521,246
Licenses and permits	1,286,753	1,379,332	1,682,431	1,997,082	1,847,315	2,105,716	1,673,143	1,552,088	1,127,642	1,117,424
Investment income	57,880	105,443	237,949	385,769	821,642	1,623,907	869,827	103,170	711,952	4,174,317
DEA revenues	15,316	39,292	18,274	9,994	2,656	18,353	13,678	117,144	42,175	35,377
Intergovernmental	461,484	906,695	507,966	1,490,142	813,633	629,332	3,738,184	793,091	1,039,952	3,107,263
Rents and royalties	1,390,283	637,196	612,365	628,486	668,036	635,553	635,464	711,814	620,575	577,890
Other revenues	1,210,086	1,795,395	1,943,007	1,996,374	2,217,797	2,362,730	2,387,958	2,125,528	2,574,468	1,589,138
Total Revenues	59,015,381	61,009,780	64,707,893	68,180,435	70,165,440	72,843,214	72,330,256	75,261,205	88,487,633	96,884,139
Expenditures:										
Culture and recreation	5,558,463	5,704,520	6,023,057	6,324,436	6,372,535	6,258,492	6,785,529	6,120,370	7,335,273	7,241,266
Development services	1,017,903	882,212	862,571	931,119	1,036,278	1,001,587	1,065,028	924,919	993,827	1,187,377
General and administrative	17,711,441	18,357,428	18,975,116	18,985,489	19,790,021	19,038,500	18,727,050	19,881,563	22,755,689	28,851,315
Highways and streets	1,351,404	1,606,372	1,688,714	1,616,714	1,222,905	4,555,735	1,322,786	1,180,954	1,528,043	1,949,997
Public safety	23,121,457	23,521,280	24,698,550	26,068,993	26,977,362	27,738,238	28,322,488	28,534,814	30,662,083	32,871,946
Debt Service:										
Principal	5,567,404	4,284,197	3,530,000	3,848,825	4,761,697	4,828,848	4,605,000	4,635,000	4,631,897	6,036,322
Interest and fiscal charges	1,148,069	1,243,589	1,743,450	1,516,936	1,662,399	1,943,495	2,627,550	2,462,387	2,432,243	2,565,221
Issuance costs	-	-	-	-	-	-	-	-	-	
Capital outlay	2,672,010	9,086,345	14,871,624	10,600,631	6,839,864	8,979,048	16,839,574	14,879,407	15,714,436	9,220,011
Total expenditures	58,148,151	64,685,943	72,393,082	69,893,143	68,663,061	74,343,943	80,295,005	78,619,414	86,053,491	89,923,455
Excess (deficiency) of revenues over (under) expenditures	867,230	(3,676,163)	(7,685,189)	(1,712,708)	1,502,379	(1,500,729)	(7,964,749)	(3,358,209)	2,434,142	6,960,684
Other Financing Sources (Uses):										
Issuance of lease	-	-	-	249,370	-	-	-	-	259,697	-
Issuance of subscription debt	-	-	-	-	-	-	-	-	-	337,794
Issuance of debt	-	11,400,000	20,760,000	-	9,805,000	13,420,000	12,345,000	6,985,000	7,660,000	20,620,000
Payment of escrow for refunding	-	(6,074,450)	-	-	-	-	-	-	-	-
Premiums on issuance of debt	-	789,428	403,354	-	264,116	869,936	524,348	401,414	-	1,630,433
Proceeds from sale of assets	-	-	-	-	23,513	25,625	118,830	20,525	199,400	61,913
Transfers in	4,366,649	5,897,789	7,468,038	8,845,061	13,942,847	11,040,601	10,122,378	8,193,943	11,857,126	13,373,428
Transfers out	(4,209,345)	(6,421,904)	(9,083,041)	(11,177,666)	(14,544,672)	(10,813,451)	(10,861,657)	(9,158,305)	(11,373,070)	(13,900,658)
Total other financing sources	157,304	5,590,863	19,548,351	(2,083,235)	9,490,804	14,542,711	12,248,899	6,442,577	8,603,153	22,122,910
Net change in fund balances	$ 1,024,534	$ 1,914,700	$ 11,863,162	$ (3,795,943)	$ 10,993,183	$ 13,041,982	$ 4,284,150	$ 3,084,368	$ 11,037,295	$ 29,083,594
Debt service as a percentage of noncapital expenditures	12.1%	9.9%	9.2%	9.0%	10.4%	10.4%	11.4%	11.1%	10.0%	10.7%

Source: Annual Comprehensive Financial Reports

CITY OF EULESS, TEXAS
ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS
(Unaudited)

Table 5

Fiscal Year	Estimated Value		Total Value	Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
	Real Property	Personal Property				
2014	2,759,268,619	461,065,240	3,220,333,859	356,283,956	2,864,049,903	0.470000
2015	2,920,206,326	509,189,960	3,429,396,286	369,393,032	3,060,003,254	0.467500
2016	3,352,029,682	513,118,652	3,865,148,334	410,557,810	3,454,590,524	0.467500
2017	3,470,371,005	531,751,946	4,002,122,951	450,853,105	3,551,269,846	0.462500
2018	3,922,338,493	564,286,167	4,486,624,660	492,318,425	3,994,306,235	0.462500
2019	4,353,413,236	576,907,417	4,930,320,653	549,709,999	4,380,610,654	0.462500
2020	4,877,396,769	628,387,146	5,505,783,915	599,654,547	4,906,129,368	0.462500
2021	5,160,656,914	666,521,372	5,827,178,286	631,904,229	5,195,274,057	0.462500
2022	5,445,666,114	637,973,264	6,083,639,378	768,537,626	5,315,101,752	0.475000
2023	6,024,406,774	734,267,287	6,758,674,061	810,917,542	5,947,756,519	0.460000

Source: Tarrant Appraisal District

CITY OF EULESS, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per $100 of Assessed Value) – LAST TEN FISCAL YEARS
(Unaudited)

Table 6

	City Direct Rates			Overlapping Rates				
Fiscal Year	Operating / General Rate	General Obligation Debt Service	Total Direct Rate	Hurst-Euless-Bedford ISD	Grapevine-Colleyville ISD	Tarrant County	Tarrant County Hospital District	Tarrant County College District
2014	0.360619	0.109381	0.470000	1.3875	1.3201	0.2640	0.2279	0.1495
2015	0.364505	0.102995	0.467500	1.3750	1.3201	0.2640	0.2279	0.1495
2016	0.366571	0.100929	0.467500	1.3500	1.3201	0.2640	0.2279	0.1495
2017	0.363053	0.099447	0.462500	1.3160	1.3967	0.2540	0.2279	0.1447
2018	0.361056	0.101444	0.462500	1.2630	1.3967	0.2440	0.2244	0.1401
2019	0.371710	0.090790	0.462500	1.2730	1.3967	0.2340	0.2244	0.1361
2020	0.377974	0.084526	0.462500	1.2200	1.3267	0.2340	0.2244	0.1302
2021	0.381954	0.080546	0.462500	1.1980	1.3031	0.2340	0.0819	0.1302
2022	0.402888	0.072112	0.475000	1.1608	1.2751	0.2290	0.2244	0.1302
2023	0.370847	0.089153	0.460000	1.1098	1.1308	0.2240	0.2244	0.1302

Sources: City of Euless Budget Office, Tarrant Appraisal District

CITY OF EULESS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

Table 7

Fiscal Year 2023			Fiscal Year 2014		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value [1]	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value [2]
Brazos TX Partners LLC/Stoneleigh at Bear Creek Apt.	$ 197,400,000	3.32 %	EAN Holdings, LLC	$ 58,256,170	2.03 %
Westdale Hills 2013 LP	123,287,043	2.07	UDR The Mandolin LLC	53,670,000	1.87
Star Monticello LLC/Star Kensington LLC	119,400,000	2.01	Stoneleigh at Bear Creek	46,900,000	1.64
Creekwood Trinity Union LLC	94,200,000	1.58	Avis Rent A Car System LLC	46,362,017	1.62
BVA Glade SPE LLC	93,667,067	1.57	Somerset Village Partners LP	41,093,060	1.43
CH Realty 1X-Knightvest MF Mandolin Owner LP	92,150,000	1.55	AP WP Seramont Reit LLC	38,600,000	1.35
Oakmont of Bear Creek LLP/Parkside on the Creek LLC	91,300,000	1.54	AP WP Vineyard Reit LLC	37,800,000	1.32
Avis Budget Car Rental LLC	89,786,968	1.51	CMF 15 Portfolio LLC	36,900,000	1.29
CMF 15 Portfolio LLC	78,900,000	1.33	Oncor Electric Delivery Co. LLC	36,733,528	1.28
Bedrock Holdings II (Dallas) LLC	77,400,000	1.30	The Hertz Corp.	33,287,400	1.16
Total	$ 1,057,491,078	17.78 %	Total	$ 429,602,175	14.99 %

Source: Tarrant County Tax Office

Notes:

[1] Total Taxable Value including real and personal property for tax year 2022 (fiscal year 2023) is $5,947,756,519.

[2] Total Taxable Value including real and personal property for tax year 2013 (fiscal year 2014) is $2,864,049,903.

CITY OF EULESS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN FISCAL YEARS
(Unaudited)

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection		Delinquent Taxes	
				Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2014	13,426,248	(70,742)	13,355,506	13,303,694	99.61%	36,670	13,340,364	99.89%	15,142	0.11%
2015	14,245,865	(194,614)	14,051,251	14,049,020	99.98%	(10,595)	14,038,425	99.91%	12,826	0.09%
2016	13,671,980	870,932	14,542,912	14,481,033	99.57%	46,441	14,527,474	99.89%	15,438	0.11%
2017	15,828,162	378,267	16,206,429	16,191,555	99.91%	(428)	16,191,127	99.91%	15,302	0.09%
2018	18,199,497	(42,876)	18,156,621	18,131,429	99.86%	9,641	18,141,070	99.91%	15,551	0.09%
2019	19,850,820	(60,221)	19,790,599	19,769,021	99.89%	(1,613)	19,767,408	99.88%	23,191	0.12%
2020	22,134,132	(98,826)	22,035,306	21,970,578	99.71%	24,154	21,994,732	99.82%	40,574	0.18%
2021	23,340,538	(127,856)	23,212,682	23,180,576	99.86%	(8,804)	23,171,772	99.82%	40,910	0.18%
2022	24,283,254	(100,934)	24,182,320	24,176,819	99.98%	(39,094)	24,137,725	99.82%	44,595	0.18%
2023	26,481,396	-	26,481,396	26,384,135	99.63%	-	26,384,135	99.63%	97,261	0.37%

Source: Tarrant County Tax Office and Tarrant Appraisal District

CITY OF EULESS, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE – LAST TEN FISCAL YEARS
(Unaudited)

Table 9

	Governmental Activities							Business-Type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Sales Tax Revenue Bonds	Leases	Subscriptions	Premiums/ Discounts on Debt Issues and Losses on Refundings [1]	W&S Revenue Bonds	General Obligation Refunding Bonds	Leases	Subscriptions	Premiums/ Discounts on Debt Issues and Losses on Refundings [1]	Total Primary Government
2014	$ 24,070,000	$ 2,780,000	$ -	$ 1,175,000	$ 94,196	$ -	$ 622,367	$ 4,285,000	$ 6,915,000	$ -	$ -	$ 237,146	$ 40,178,709
2015	20,655,000	8,365,000	-	285,000	-	-	994,148	10,940,000	6,320,000	-	-	211,601	47,770,749
2016	17,425,000	27,710,000	1,280,000	120,000	-	-	1,497,876	10,305,000	5,695,000	-	-	186,063	64,218,939
2017	14,490,000	27,350,000	860,000	75,000	160,545	-	1,099,640	9,540,000	5,240,000	-	-	168,446	58,983,631
2018	11,460,000	35,660,000	735,000	40,000	83,848	-	1,211,502	11,545,000	4,770,000	-	-	150,830	65,656,180
2019	8,805,000	46,200,000	-	1,565,000	-	-	1,887,637	19,905,000	4,295,000	-	-	133,213	82,790,850
2020	6,040,000	51,710,000	1,110,000	5,450,000	-	-	2,195,218	18,725,000	3,805,000	-	-	115,597	89,150,815
2021	4,115,000	54,930,000	2,370,000	5,245,000 [3]	- [3]	-	2,432,587	17,780,000	3,295,000	-	-	97,984	90,265,571
2022	3,010,000	52,560,000	9,155,000	5,025,000	197,802	-	2,244,842	16,835,000	2,775,000	203,458	-	80,364	92,086,466
2023	1,870,000	70,675,000	7,165,000	4,800,000	135,695	223,580	3,687,533	15,875,000	2,245,000	148,620	9,377	62,749	106,897,554

Note: Details regarding the City's outstanding debt can be found in the notes to the Financial Statements.

[1] Column added to table in 2016; prior year figures have been restated to include amounts reflected.

[2] See Table 13 for personal income and population data.

[3] Figure updated in FY2022.

CITY OF EULESS, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO TAXABLE ASSESSED VALUE AND NET BONDED DEBT PER CAPITA – LAST TEN FISCAL YEARS
(Unaudited)

Table 10

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts on Debt Issues and Losses on Refundings [1]	Less: Debt Service Reserves	Net O/S Debt Total [6]	Estimated Population [2]	Taxable Value [3]	Restated [5]: Net Debt to Taxable Value	Restated [5]: Net General Debt Per Capita
2014	30,985,000	2,780,000	883,948	796,454	33,852,494	53,780	2,864,049,903	1.18%	$ 629
2015 [4]	26,975,000	8,365,000	1,228,901	813,841	35,755,060	54,050	3,060,003,254	1.17%	$ 662
2016	23,120,000	27,710,000	1,446,619	1,056,021	51,220,598	54,250	3,454,590,524	1.48%	$ 944
2017	19,730,000	27,350,000	1,288,664	1,398,495	46,970,169	54,870	3,551,269,846	1.32%	$ 856
2018	16,230,000	35,660,000	1,381,631	1,914,141	51,357,490	55,170	3,994,306,235	1.29%	$ 931
2019	13,100,000	46,200,000	2,038,856	2,415,379	58,923,477	56,160	4,380,610,654	1.35%	$ 1,049
2020	9,845,000	51,710,000	2,066,094	2,676,299	60,944,795	57,550	4,906,129,368	1.24%	$ 1,059
2021	7,410,000	54,930,000	2,546,006	3,154,199	61,731,807	58,260	5,195,274,057	1.19%	$ 1,060
2022	5,785,000	52,560,000	2,105,638	2,242,815	58,207,823	61,480	5,315,101,752	1.10%	$ 946
2023	4,115,000	70,675,000	3,543,290	2,716,183	75,617,107	61,544	5,947,756,519	1.27%	$ 1,229

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Total does not include revenue bonds.

Source: [1] Column added to table in 2016, prior years restated to include amounts shown.

[2] Estimates by North Central Texas Council of Governments and Euless Planning and Development Department

[3] Tarrant Appraisal District

[4] Taxable value restated to fiscal year end amounts.

[5] Tax notes, leases and subscriptions are excluded as these debt instruments are considered bonded debt.

[6] Amounts restated to include Midtown Debt Reserves.

CITY OF EULESS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2023 – (Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Grapevine-Colleyville Independent School District	$ 289,240,590	9.66%	$ 27,940,641
Hurst-Euless-Bedford Independent School District	295,350,000	20.66%	61,019,310
Tarrant County	376,120,000	2.42%	9,102,104
Tarrant County Hospital District	591,230,000	2.42%	14,307,766
Tarrant County College District	448,410,000	2.42%	10,851,522
Subtotal, overlapping debt			123,221,343
Debt repaid with property taxes and sales taxes			
City of Euless (direct debt)	88,506,045	100.00%	88,506,045
Total direct and overlapping debt repaid with property taxes			$ 211,727,388

Notes: The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable value.

The current year calculation of direct debt includes all general governmental activities debt including sales tax revenue bonds which are not repaid with property taxes. Amounts shown have been adjusted for losses on prior refundings, premiums, and discounts.

Source: Debt outstanding data provided by Municipal Advisory Council of Texas and City records.

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE WATER AND WASTEWATER BONDS – LAST TEN FISCAL YEARS
(Unaudited)

Table 12

Fiscal Year	Total Revenues [1]	Less Operating Expenses [2]	Net Revenue Available	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
2014	19,729,539	18,269,093	1,460,446	405,000	122,229	527,229	2.77
2015	21,182,560	17,879,209	3,303,351	410,000	129,703	539,703	6.12
2016	24,311,965	18,625,302	5,686,663	635,000	181,747	816,747	6.96
2017	24,353,525	19,249,699	5,103,826	765,000	175,682	940,682	5.43
2018	27,828,648	20,880,984	6,947,664	780,000	184,154	964,154	7.21
2019	27,603,615	21,006,298	6,597,317	915,000	191,327	1,106,327	5.96
2020	27,683,951	23,101,386	4,582,565	1,180,000	306,354	1,486,354	3.08
2021	29,072,318	22,122,296	6,950,022	945,000	274,924	1,219,924	5.70
2022	29,733,939	24,625,613	5,108,326	945,000	267,554	1,212,554	4.21
2023	32,284,877	26,660,040	5,624,837	960,000	255,341	1,215,341	4.63

Notes: [1] Operating and nonoperating revenues of water and wastewater fund

[2] Total operating expenses of water and wastewater fund exclusive of depreciation and amortization

CITY OF EULESS, TEXAS
DEMOGRAPHIC STATISTICS – LAST TEN FISCAL YEARS
(Unaudited)

Table 13

Fiscal Year	Estimated Population [1]	Per Capita Income [2]	Personal Income (thousands of dollars)	Median Age [2]	School Enrollment [3]	Unemployment Rate [4]
2014	53,780	$ 28,947	$ 1,556,770	31.8	22,138	5.0%
2015	54,050	$ 29,651	$ 1,602,637	34.7	22,762	3.6%
2016	54,250	$ 30,054	$ 1,630,430	34.9	23,090	3.8%
2017	54,870	$ 29,730	$ 1,631,285	34.9	23,425	3.2%
2018	55,170	$ 31,117	$ 1,716,725	34.9	23,632	3.5%
2019	56,160	$ 32,810	$ 1,842,610	36.1	23,624 [5]	3.6%
2020	57,550	$ 34,575	$ 1,989,791	35.3	23,756	8.9%
2021	58,260	$ 34,575	$ 2,014,340	35.3	22,884	4.6%
2022	61,480	$ 36,494	$ 2,243,651	35.6	22,815	3.5%
2023	61,544	$ 39,240	$ 2,414,987	35.6	22,971	3.7%

Notes: [1] Estimates by North Central Texas Council of Governments

[2] Estimates by Claritas Site Reports; *Research & Demographic Solutions; 2014 forward from US Census Bureau*

[3] Hurst-Euless-Bedford Independent School District

[4] Texas Workforce Commission; Bureau of Labor Statistics

[5] Updated from projected to actual

CITY OF EULESS, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Table 14

2023*			2014		
Employer	Employees	Percentage of Estimated Total City Employment	Employer	Employees	Percentage of Estimated Total City Employment
HEB ISD	1,197	3.81%	HEB ISD	1,000	3.74%
LSG Sky Chefs, Inc.	663	2.45%	LSG Sky Chefs, Inc.	600	2.25%
City of Euless	403	1.49%	Autogrill Group, Inc.	450	1.68%
Target	250	0.92%	City of Euless	434	1.62%
Lowe's	225	0.83%	Life Outreach International	180	0.67%
Life Outreach International	186	0.69%	Super Target	160	0.60%
Redi-Mix Concrete	162	0.68%	Lowe's	140	0.52%
Dave and Buster's	150	0.55%	Home Depot	125	0.47%
QuikTrip	130	0.48%	Redi-Mix Concrete	67	0.25%
Flynn BEC, LP	120	0.44%	Structural and Steel Products	40	0.15%
Thirsty Lion	120	0.44%			
Total	3,606	12.78%		3,196	11.95%

Source: City of Euless Planning and Development Department

* Prior year data used if updated information was unavailable.

CITY OF EULESS, TEXAS
FULL–TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 15

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government and Administration	48.50	48.00	49.50	50.00	51.00	50.50	50.50	49.00	49.50	49.50
Public Safety	135.00	136.00	136.00	136.00	137.00	137.00	139.00	139.00	142.00	142.00
Fire Safety	72.00	72.00	72.00	75.00	75.00	75.00	75.00	75.00	78.00	78.00
Development Services	7.50	7.50	7.50	8.00	7.50	7.50	7.50	7.50	7.50	8.50
Culture and Recreational	33.25	34.25	34.25	35.25	35.25	35.25	34.25	34.25	34.25	35.25
Water and Wastewater	42.00	42.00	42.50	42.50	43.50	43.00	44.00	43.50	45.00	45.00
Golf Course	10.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75
Public Works	18.50	20.00	20.00	21.00	22.50	23.50	23.50	23.50	23.50	26.50
Service Center	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Risk Management / Insurance	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total	374.00	378.00	380.00	386.00	390.00	390.00	392.00	390.00	398.00	403.00

Source: City Budget Office

CITY OF EULESS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 16

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police										
Number of Certified Officers	92	92	92	87	91	91	86	85	93	85
Number of Citations Issued	25,500	24,573	18,483	25,061	19,100	16,552	11,154	9,283	17,224	12,993
Fire										
Number of Certified Firefighters	70	70	70	72	73	74	72	75	74	76
Number of Alarms	4,505	4,686	4,770	4,678	3,758	4,324	4,735	4,827	6,245	6,179
Number of EMS Calls	3,230	3,424	3,431	3,772	3,468	2,958	3,256	3,204	3,910	4,202
Municipal Court										
Cases Filed	31,172	28,885	25,957	25,061	25,101	22,472	15,400	12,751	17,224	14,236
Development										
Number Residential Inspections - New	107	176	186	176	214	93	3	0	0	3
Number Commercial Inspections - New	29	33	15	36	32	18	12	13	7	12
Number Multifamily Inspections - New	1	1	0	0	1	6	0	0	0	0
Public Works										
Street Overlay (Square Footage)	631,260	430,504	1,156,833	1,549,065	1,063,046	1,289,759	1,010,016	421,848	483,310	344,965
Cultural and Recreational										
Parks and Recreation										
Recreation Center Memberships	6,261	6,742 [1]	6,975	6,528	7,183	7,125	2,820	3,886	5,008	5,321
Water and Wastewater										
Number of Water Consumers	25,319	26,014	25,812	25,970	26,200	26,659	27,467	27,855	27,942	28,249
Water Produced (In Gallons x 1000)	380,864	741,225	540,921	439,255	580,337	569,697	8,520 [3]	0	0 [4]	0 [4]
Water Purchased - TRA (In Gallons x 1000)	2,154,469	1,628,651	1,787,547	1,766,692	1,767,677	1,586,667	2,250,350	2,187,563	2,586,490	2,421,154
Water Supplied (In Gallons x 1000)	2,535,333	2,369,876	2,328,468	2,205,947	2,348,014	2,156,364	2,258,870	2,187,563	2,586,490	2,421,154
Annual Rainfall (In Inches)	23.98	44.45	53.16	34.96	42.39	48.20	45.27	33.41	29.92	28.88
Golf Course										
Number of Paid Rounds Played	22,110 [2]	33,735	32,852	33,237	32,557	32,016	30,860	42,429	41,645	41,727

Source: City Departments
Annual Comprehensive Financial Report
City Budget Office

Notes:

[1] Amount restated to include recreation, aquatic and senior memberships.

[2] Golf course closed for 3½ months for renovations in 2014.

[3] Wells were out of operation for most of the year; two wells are in the process of being replaced.

[4] All wells inoperational for the entire fiscal year; the two under construction are nearing completion.

CITY OF EULESS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 17

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets - Paved [1]	340.62	342.8	344.77	350.12	350.12	351.74	351.74	352.60	352.60	352.40
Cultural and Recreational										
Aquatic Facilities	3	3	3	3	3	3	2	2	2	1
Parks [2]	16	16	16	16	16	16	16	16	16	16
Parks Land (Acres) [3]	341	341	341	341	341	341	341	341	341	341
Other Facilities (Acres) [3]	291	291	291	291	291	291	291	291	291	291
Community Buildings	6	6	6	6	6	6	6	6	6	6
Amphitheater	3	3	3	3	3	3	3	3	3	3
Conference Centre	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Softball Facility [4]	1	1	1	1	1	1	1	-	-	-
Athletic Fields	28	28	30	30	30	30	30	31	31	31
Library Holdings	105,500	98,596	101,160	85,123	80,241	81,353	82,501	85,010	88,577	91,560
Water and Wastewater										
Water Mains - Potable [5]	232.28	234.84	235.50	236.30	239.10	241.93	242.28	243.00	244.50	248.74
Water Mains - Reclaimed [5]	3.22	3.70	3.82	3.96	4.12	7.15	11.65	11.65	11.65	11.65
Fire Hydrants	1,633	1,648	1,674	1,719	1,798	1,805	1,836	1,845	1,886	1,903
Wastewater Mains [5]	191.3	192.4	193.2	195.2	197.0	198.4	201.0	202.1	203.0	203.0

Source: City Departments

[1] Reported in lane miles.

[2] Restated to exclude Softball Facility

[3] Restated to reflect Golf Course and Softball Facility land separately

[4] Softball Facility operations were combined with Parks at Texas Star in FY2021.

[5] Miles of lines.